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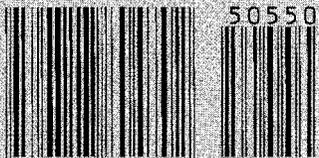
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# Wage-Labour and Capital Value, Price and Profit

by

**KARL MARX**



INTERNATIONAL PUBLISHERS



*Wage-Labour and Capital*  
&  
*Value, Price and Profit*

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*Value, Price and Profit*

KARL MARX



INTERNATIONAL PUBLISHERS, NEW YORK

## PUBLISHER'S NOTE

Since their first appearance as separate brochures *Wage-Labour and Capital* and *Value, Price and Profit* have served as popular introductions to the study of political economy, each complementing the other. The first is based on lectures delivered by Marx before the German Workingmen's Club of Brussels in 1847, the second is an address by Marx before two sessions of the General Council of the First International in London in 1865. Both classics are included in this volume. *Value, Price and Profit* will be found in the second half of the book.

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## INTRODUCTION

THIS pamphlet first appeared in the form of a series of leading articles in the *Neue Rheinische Zeitung*, beginning on April 4th, 1849. The text is made up from lectures delivered by Marx before the German Workingmen's Club of Brussels in 1847. The series was never completed. The promise "to be continued," at the end of the editorial in Number 269 of the newspaper, remained unfulfilled in consequence of the precipitous events of that time: the invasion of Hungary by the Russians, and the uprisings in Dresden, Iserlohn, Elberfeld, the Palatinate, and in Baden, which led to the suppression of the paper on May 19th, 1849. And among the papers left by Marx no manuscript of any continuation of these articles has been found.

*Wage-Labour and Capital* has appeared as an independent publication in several editions, the last of which was issued by the Swiss Co-operative Printing Association, in Hottingen-Zurich, in 1884. Hitherto, the several editions have contained the exact wording of the original articles. But since at least ten thousand copies of the present edition are to be circulated as a propaganda tract, the question necessarily forced itself upon me, would Marx himself, under these circumstances, have approved of an unaltered literal reproduction of the original?

Marx, in the forties, had not yet completed his criticism of political economy. This was not done until toward the end of the fifties. Consequently, such of his writings as were published before the first instalment of his *Critique of Political Economy* was finished, deviate in some points from those written after 1859, and contain expressions and whole sentences which, viewed from the standpoint of his later writings, appear inexact, and even incorrect. Now, it goes without saying that in ordinary editions, intended for the public in general, this earlier standpoint, as a part of the intellectual development of the author, has its place; that the author as well as the public, has an indisputable right to an unaltered reprint of these older writings. In such a case, I would not have dreamed of changing a single word in it. But it is otherwise when the edition is destined almost exclusively for the purpose of propaganda. In such

a case, Marx himself would unquestionably have brought the old work, dating from 1849, into harmony with his new point of view, and I feel sure that I am acting in his spirit when I insert in this edition the few changes and additions which are necessary in order to attain this object in all essential points.

Therefore I say to the reader at once: *this pamphlet is not as Marx wrote it in 1849, but approximately as Marx would have written it in 1891.* Moreover, so many copies of the original text are in circulation, that these will suffice until I can publish it again unaltered in a complete edition of Marx's works, to appear at some future time.

My alterations centre about one point. According to the original reading, the worker sells his *labour* for wages, which he receives from the capitalist; according to the present text, he sells his *labour-power*. And for this change, I must render an explanation: to the workers, in order that they may understand that we are not quibbling or word-juggling, but are dealing here with one of the most important points in the whole range of political economy; to the bourgeois, in order that they may convince themselves how greatly the uneducated workers, who can be easily made to grasp the most difficult economic analyses, excel our supercilious "cultured" folk, for whom such ticklish problems remain insoluble their whole life long.

Classical political economy<sup>1</sup> borrowed from the industrial practice the current notion of the manufacturer, that he buys and pays for the labour of his employees. This conception had been quite serviceable for the business purposes of the manufacturer, his bookkeeping and price calculation. But naïvely carried over into political economy, it there produced truly wonderful errors and confusions.

Political economy finds it an established fact that the prices of

<sup>1</sup> "By classical political economy I understand that economy which, since the time of W. Petty, has investigated the real relations of production in bourgeois society, in contradistinction to vulgar economy, which deals with appearances only, ruminates without ceasing on the materials long since provided by scientific economy, and there seeks plausible explanations of the most obtrusive phenomena for bourgeois daily use, but for the rest confines itself to systematising in a pedantic way, and proclaiming for everlasting truths, trite ideas held by the self-complacent bourgeoisie with regard to their own world, to them the best of all possible worlds." (Karl Marx, *Capital*, Vol. I, p. 93f.)

all commodities, among them the price of the commodity which it calls "labour," continually change; that they rise and fall in consequence of the most diverse circumstances, which often have no connection whatsoever with the production of the commodities themselves, so that prices appear to be determined, as a rule, by pure chance. As soon, therefore, as political economy stepped forth as a science, it was one of its first tasks to search for the law that hid itself behind this chance, which apparently determined the prices of commodities, and which in reality controlled this very chance. Among the prices of commodities, fluctuating and oscillating, now upward, now downward, the fixed central point was searched for around which these fluctuations and oscillations were taking place. In short, starting from the price of commodities, political economy sought for the value of commodities as the regulating law, by means of which all price fluctuations could be explained, and to which they could all be reduced in the last resort.

And so classical political economy found that the value of a commodity was determined by the labour incorporated in it and requisite to its production. With this explanation it was satisfied. And we too may for the present stop at this point. But to avoid misconceptions, I will remind the reader that to-day this explanation has become wholly inadequate. Marx was the first to investigate thoroughly into the value-forming quality of labour and to discover that not all labour which is apparently, or even really, necessary to the production of a commodity, imparts under all circumstances to this commodity a magnitude of value corresponding to the quantity of labour used up. If, therefore, we say to-day in short, with economists like Ricardo, that the value of a commodity is determined by the labour necessary to its production, we always imply the reservations and restrictions made by Marx. Thus much for our present purpose; further information can be found in Marx's *Critique of Political Economy*, which appeared in 1859, and in the first volume of *Capital*.

But as soon as the economists applied this determination of value by labour to the commodity "labour," they fell from one contradiction into another. How is the value of "labour" determined? By the necessary labour embodied in it. But how much labour is embodied in the labour of a labourer for a day, a week,

a month, a year? The labour of a day, a week, a month, a year. If labour is the measure of all values, we can express the "value of labour" only in labour. But we know absolutely nothing about the value of an hour's labour, if all that we know about it is that it is equal to one hour's labour. So thereby we have not advanced one hair's breadth nearer our goal; we are constantly turning about in a circle.

Classical economics, therefore, essayed another turn. It said: the value of a commodity is equal to its cost of production. But what is the cost of production of "labour"? In order to answer this question, the economists are forced to strain logic just a little. Instead of investigating the cost of production of labour itself, which, unfortunately, cannot be ascertained, they now investigate the cost of production of *the labourer*. And this latter can be ascertained. It changes according to time and circumstances, but for a given condition of society, in a given locality, and in a given branch of production, it, too, is given, at least within quite narrow limits. We live to-day under the regime of capitalist production, under which a large and steadily growing class of the population can live only on the condition that it works for the owners of the means of production—tools, machines, raw materials, and means of subsistence—in return for wages. On the basis of this mode of production, the labourer's cost of production consists of the sum of the means of subsistence (or their price in money) which on the average are requisite to enable him to work, to maintain in him this capacity for work, and to replace him at his departure, by reason of age, sickness, or death, with another labourer—that is to say, to propagate the working class in required numbers.

Let us assume that the money price of these means of subsistence averages 3 shillings a day. Our labourer gets therefore a daily wage of 3 shillings from his employer. For this, the capitalist lets him work, say, twelve hours a day. Our capitalist, moreover, calculates somewhat in the following fashion: Let us assume that our labourer (a machinist) has to make a part of a machine which he finishes in one day. The raw material (iron and brass in the necessary prepared form) costs 20 shillings. The consumption of coal by the steam-engine, the wear and tear of this engine itself, of the turning-lathe, and of the other tools with which our labourer works, represent for one day and one labourer

a value of 1 shilling. The wages for one day are, according to our assumption, 3 shillings. This makes a total of 24 shillings for our piece of a machine.

But the capitalist calculates that on an average he will receive for it a price of 27 shillings from his customers, or 3 shillings over and above his outlay.

Whence do the 3 shillings pocketed by the capitalist come? According to the assertion of classical political economy, commodities are in the long run sold at their values, that is, they are sold at prices which correspond to the necessary quantities of labour contained in them. The average price of our part of a machine—27 shillings—would therefore equal its value, *i.e.*, equal the amount of labour embodied in it. But of these 27 shillings, 21 shillings were values already existing before the machinist began to work; 20 shillings were contained in the raw material, 1 shilling in the fuel consumed during the work and in the machines and tools used in the process and reduced in their efficiency to the value of this amount. There remains 6 shillings, which have been added to the value of the raw material. But according to the supposition of our economists themselves, these 6 shillings can arise only from the labour added to the raw material by the labourer. His twelve hours' labour has created, according to this, a new value of 6 shillings. Therefore, the value of his twelve hours' labour would be equivalent to 6 shillings. So we have at last discovered what the "value of labour" is.

"Hold on there!" cries our machinist. "Six shillings? But I have received only 3 shillings! My capitalist swears high and dry that the value of my twelve hours' labour is no more than 3 shillings, and if I were to demand six, he'd laugh at me. What kind of a story is that?"

If before this we got with our value of labour into a vicious circle, we now surely have driven straight into an insoluble contradiction. We searched for the value of labour, and we found more than we can use. For the labourer the value of the twelve hours' labour is 3 shillings; for the capitalist it is 6 shillings, of which he pays the workingman 3 shillings as wages, and pockets the remaining 3 shillings himself. According to this, labour has not one but two values, and, moreover, two very different values!

As soon as we reduce the values, now expressed in money, to

labour-time, the contradiction becomes even more absurd. By the twelve hours' labour a new value of 6 shillings is created. Therefore in six hours the new value created equals 3 shillings—the amount which the labourer receives for twelve hours' labour. For twelve hours' labour the workingman receives, as an equivalent, the product of six hours' labour. We are thus forced to one of two conclusions: either labour has two values, one of which is twice as large as the other, or twelve equals six! In both cases we get pure absurdities. Turn and twist as we may, we will not get out of this contradiction as long as we speak of the buying and selling of "labour" and of the "value of labour." And just so it happened to the political economists. The last offshoot of classical political economy—the Ricardian school—was largely wrecked on the insolubility of this contradiction. Classical political economy had run itself into a blind alley. The man who discovered the way out of this blind alley was Karl Marx.

What the economists had considered as the cost of production of "labour" was really the cost of production, not of "labour," but of the living labourer himself. And what this labourer sold to the capitalist was not his labour. "So soon as his labour really begins," says Marx, "it ceases to belong to him, and therefore can no longer be sold by him." At the most, he could sell his *future* labour, *i.e.*, assume the obligation of executing a certain piece of work in a certain time. But in this way he does not sell labour (which would first have to be performed), but for a stipulated payment he places his labour-power at the disposal of the capitalist for a certain time (in case of time-wages), or for the performance of a certain task (in case of piece-wages). He hires out or sells his *labour-power*. But this labour-power has grown up with his person and is inseparable from it. Its cost of production therefore coincides with his own cost of production; *what the economists called the cost of production of labour is really the cost of production of the labourer, and therewith of his labour-power*. And thus we can also go back from the cost of production of labour-power to the value of labour-power, and determine the quantity of social labour that is required for the production of a labour-power of a given quality, as Marx has done in the chapter on the "The Buying and Selling of Labour-Power."<sup>1</sup>

<sup>1</sup> *Capital*, Vol. I, Part II, Chapter 6.

Now what takes place after the worker has sold his labour-power, *i.e.*, after he has placed his labour-power at the disposal of the capitalist for stipulated wages—whether time-wages or piece-wages? The capitalist takes the labourer into his workshop or factory, where all the articles required for the work can be found—raw materials, auxiliary materials (coal, dyestuffs, etc.), tools and machines. Here the worker begins to work. His daily wages are, as above, 3 shillings, and it makes no difference whether he earns them as day-wages or piece-wages. We again assume that in twelve hours the worker adds by his labour a new value of 6 shillings to the value of the raw materials consumed, which new value the capitalist realises by the sale of the finished piece of work. Out of this new value he pays the worker his 3 shillings, and the remaining 3 shillings he keeps himself. If, now, the labourer creates in twelve hours a value of 6 shillings, in six hours he creates a value of 3 shillings. Consequently, after working six hours for the capitalist the labourer has returned to him the equivalent of the 3 shillings received as wages. After six hours' work both are quits, neither one owing a penny to the other.

"Hold on there!" now cries out the capitalist. "I have hired the labourer for a whole day, for twelve hours. But six hours are only half a day. So work along lively there until the other six hours are at an end—only then will we be even." And, in fact, the labourer has to submit to the conditions of the contract upon which he entered of "his own free will," and according to which he bound himself to work twelve whole hours for a product of labour which cost only six hours' labour.

Similarly with piece-wages. Let us suppose that in twelve hours our worker makes twelve commodities. Each of these costs 2 shillings in raw material and wear and tear, and is sold for 2½ shillings. On our former assumption, the capitalist gives the labourer one-fourth of a shilling for each piece, which makes a total of 3 shillings for the twelve pieces. To earn this, the worker requires twelve hours. The capitalist receives 30 shillings for the twelve pieces; deducting 24 shillings for raw material and wear and tear there remains 6 shillings, of which he pays 3 shillings in wages and pockets the remaining 3. Just as before! Here also the worker labours six hours for himself, *i.e.*, to replace his wages

(half an hour in each of the twelve hours), and six hours for the capitalist.

The rock upon which the best economists were stranded as long as they started out from the value of labour, vanishes as soon as we make our starting-point the value of labour-power. Labour-power is, in our present-day capitalist society, a commodity like every other commodity, but yet a very peculiar commodity. It has, namely, the peculiarity of being a value-creating force, the source of value, and, moreover, when properly treated, the source of more value than it possesses itself. In the present state of production, human labour-power not only produces in a day a greater value than it itself possesses and costs; but with each new scientific discovery, with each new technical invention, there also rises the surplus of its daily production over its daily cost, while as a consequence there diminishes that part of the working day in which the labourer produces the equivalent of his day's wages, and, on the other hand, lengthens that part of the working day in which he must present labour *gratis* to the capitalist.

And this is the economic constitution of our entire modern society: the working class alone produces all values. For value is only another expression for labour, that expression, namely, by which is designated, in our capitalist society of to-day, the amount of socially necessary labour embodied in a particular commodity. But these values produced by the workers do not belong to the workers. They belong to the owners of the raw materials, machines, tools, and money, which enable them to buy the labour-power of the working class. Hence, the working class gets back only a part of the entire mass of products produced by it. And as we have just seen, the other portion, which the capitalist class retains, and which it has to share, at most, only with the landlord class, is increasing with every new discovery and invention, while the share which falls to the working class (*per capita*) rises but little and very slowly, or not at all, and under certain conditions it may even fall.

But these discoveries and inventions which supplant one another with ever-increasing speed, this productiveness of human labour which increases from day to day to unheard-of proportions, at last gives rise to a conflict, in which present capitalistic economy must go to ruin. On the one hand, immeasurable

wealth and a superfluity of products with which the buyers cannot cope. On the other hand, the great mass of society proletarianised, transformed into wage-labourers, and thereby disabled from appropriating to themselves that superfluity of products. The splitting up of society into a small class, immoderately rich, and a large class of wage-labourers devoid of all property, brings it about that this society smothers in its own superfluity, while the great majority of its members are scarcely, or not at all, protected from extreme want.

This condition becomes every day more absurd and more unnecessary. It *must* be gotten rid of; it can be gotten rid of. A new social order is possible, in which the class differences of to-day will have disappeared, and in which—perhaps after a short transition period, which, though somewhat deficient in other respects, will in any case be very useful morally—there will be the means of life, of the enjoyment of life, and of the development and activity of all bodily and mental faculties, through the systematic use and further development of the enormous productive powers of society, which exists with us even now, with equal obligation upon all to work. And that the workers are growing ever more determined to achieve this new social order will be proven on both sides of the ocean on this dawning May Day, and on Sunday, May 3rd.

FREDERICK ENGELS.

London, April 30th, 1891.

# WAGE-LABOUR AND CAPITAL

## CHAPTER I

### PRELIMINARY

From various quarters we have been reproached for neglecting to portray the economic conditions which form the material basis of the present struggles between classes and nations. With set purpose we have hitherto touched upon these conditions only when they forced themselves upon the surface of the political conflicts.

It was necessary, beyond everything else, to follow the development of the class struggle in the history of our own day, and to prove empirically, by the actual and daily newly created historical material, that with the subjugation of the working class, accomplished in the days of February and March, 1848, the opponents of that class—the bourgeois republicans in France, and the bourgeois and peasant classes who were fighting feudal absolutism throughout the whole continent of Europe—were simultaneously conquered; that the victory of the “moderate republic” in France sounded at the same time the fall of the nations which had responded to the February revolution with heroic wars of independence; and finally that, by the victory over the revolutionary workingmen, Europe fell back into its old double slavery, into the *English-Russian* slavery. The June conflict in Paris, the fall of Vienna, the tragi-comedy in Berlin in November, 1848, the desperate efforts of Poland, Italy, and Hungary, the starvation of Ireland into submission—these were the chief events in which the European class struggle between the bourgeoisie and the working class was summed up, and from which we proved that every revolutionary uprising, however remote from the class struggle its object might appear, must of necessity fail until the revolutionary working class shall have conquered;—that every social reform must remain a Utopia until the proletarian revolution and the feudalistic counter-revolution have been pitted against each other in a *world-wide war*. In our presentation, as in reality, Belgium and Switzerland were tragicomic caricaturish *genre* pictures in the great historic tableau;

the one the model State of the bourgeois monarchy, the other the model State of the bourgeois republic; both of them, States that flatter themselves to be just as free from the class struggle as from the European revolution.<sup>1</sup>

But now, after our readers have seen the class struggle of the year 1848 develop into colossal political proportions, it is time to examine more closely the economic conditions themselves upon which is founded the existence of the capitalist class and its class rule, as well as the slavery of the workers.

We shall present the subject in three great divisions:

1. The Relation of Wage-Labour to Capital, the Slavery of the Worker, the Rule of the Capitalist.
2. The Inevitable Ruin of the Middle Classes and the so-called Commons<sup>2</sup> under the present system.
3. The Commercial Subjugation and Exploitation of the Bourgeois classes of the various European nations by the Despot of the World Market—England.<sup>3</sup>

We shall seek to portray this as simply and popularly as possible, and shall not presuppose a knowledge of even the most elementary notions of political economy. We wish to be understood by the workers. And, moreover, there prevails in Germany the most remarkable ignorance and confusion of ideas in regard to the simplest economic relations, from the patented defenders of existing conditions, down to the socialist wonder-workers and the unrecognised political geniuses, in which divided Germany is even richer than in duodecimo princelings. We therefore proceed to the consideration of the first problem.

<sup>1</sup> It must be remembered that this was written over forty years ago. To-day, the class struggle in Switzerland, and especially in Belgium, has reached that degree of development where it compels recognition from even the most superficial observers of political and industrial life.—*Translator's Note to 1891 edition.*

<sup>2</sup> That is the "common" people as distinct from the "noble" and "clerical" (or "religious") people. Originating in feudal times in the rank of freeman and town-burgher the "commons" or "citizens" (burgher, burghers, citizen, citizens, or bourgeois) formed the starting-point of the "bourgeoisie."—*Ed.*

<sup>3</sup> As stated by Engels in the Introduction, the series of articles on "Wage-Labour and Capital" remained incomplete; the pamphlet is confined almost exclusively to a consideration of the first "great division": the relation of wage-labour to capital.—*Ed.*

## CHAPTER II

### WHAT ARE WAGES?

IF several workmen were to be asked: "How much wages do you get?" one would reply, "I get two shillings a day from my employer"; another, "I get three shillings a day," and so on. According to the different branches of industry in which they are employed, they would mention different sums of money that they receive from their respective employers for the completion of a certain task; for example, for weaving a yard of linen, or for setting a page of type. Despite the variety of their statements, they would all agree upon one point: that wages are the amount of money which the capitalist pays for a certain period of work or for a certain amount of work.

Consequently, it appears that the capitalist *buys* their labour with money, and that for money they *sell* him their labour. But this is merely an illusion. What they actually sell to the capitalist for money is their *labour-power*. This labour-power the capitalist buys for a day, a week, a month, etc. And after he has bought it, he uses it up by letting the worker labour during the stipulated time. With the same amount of money with which the capitalist has bought their labour-power (for example, with two shillings) he could have bought a certain amount of sugar or of any other commodity. The two shillings with which he bought twenty pounds of sugar is the price of the twenty pounds of sugar. The two shillings with which he bought twelve hours' use of the labour-power, is the price of twelve hours' labour. Labour-power, then, is a commodity, no more, no less so than is the sugar. The first is measured by the clock, the other by the scales.

Their commodity, labour-power, the workers exchange for the commodity of the capitalist, for money, and, moreover, this exchange takes place at a certain ratio. So much money for so long a use of labour-power. For twelve hours' weaving, two shillings. And these two shillings, do they not represent all the

other commodities which I can buy for two shillings? Therefore, actually, the worker has exchanged his commodity, labour-power, for commodities of all kinds, and, moreover, at a certain ratio. By giving him two shillings, the capitalist has given him so much meat, so much clothing, so much wood, light, etc., in exchange for his day's work. The two shillings therefore express the relation in which labour-power is exchanged for other commodities, the *exchange-value* of labour-power.

The exchange value of a commodity estimated in *money* is called its *price*. *Wages* therefore are only a special name for the price of labour-power, and are usually called the price of labour; it is the special name for the price of this peculiar commodity, which has no other repository than human flesh and blood.

Let us take any worker; for example, a weaver. The capitalist supplies him with the loom and the yarn. The weaver applies himself to work, and the yarn is turned into cloth. The capitalist takes possession of the cloth and sells it for twenty shillings, for example. Now are the wages of the weaver a share of the cloth, of the twenty shillings, of the product of his work? By no means. Long before the cloth is sold, perhaps long before it is fully woven, the weaver has received his wages. The capitalist, then, does not pay his wages out of the money which he will obtain from the cloth, but out of money already on hand. Just as little as loom and yarn are the product of the weaver to whom they are supplied by the employer, just so little are the commodities which he receives in exchange for his commodity—labour-power—his product. It is possible that the employer found no purchasers at all for the cloth. It is possible that he did not get even the amount of the wages by its sale. It is possible that he sells it very profitably in proportion to the weaver's wages. But all that does not concern the weaver. With a part of his existing wealth, of his capital, the capitalist buys the labour-power of the weaver in exactly the same manner as, with another part of his wealth, he has bought the raw material—the yarn—and the instrument of labour—the loom. After he has made these purchases, and among them belongs the labour-power necessary to the production of the cloth, *he produces only with raw materials and instruments of labour belonging to him*. For our good weaver, too, is one of the instruments of labour, and being in this respect on a par with the

loom, he has no more share in the product (the cloth), or in the price of the product, than the loom itself has.

*Wages, therefore, are not a share of the worker in the commodities produced by himself. Wages are that part of already existing commodities with which the capitalist buys a certain amount of productive labour-power.*

Consequently, labour-power is a commodity which its possessor, the wage-worker, sells to the capitalist. Why does he sell it? It is in order to live.

But the putting of labour-power into action, *i.e.*, the work, is the active expression of the labourer's own life. And this life activity he sells to another person in order to secure the necessary means of life. His life-activity, therefore, is but a means of securing his own existence. He works that he may keep alive. He does not count the labour itself as a part of his life; it is rather a sacrifice of his life. It is a commodity that he has auctioned off to another. The product of his activity, therefore, is not the aim of his activity. What he produces for himself is not the silk that he weaves, not the gold that he draws up the mining shaft, not the palace that he builds. What he produces for himself is *wages*; and the silk, the gold, and the palace are resolved for him into a certain quantity of necessaries of life, perhaps into a cotton jacket, into copper coins, and into a basement dwelling. And the labourer who for twelve hours long, weaves, spins, bores, turns, builds, shovels, breaks stone, carries hods, and so on—is this twelve hours' weaving, spinning, boring, turning, building, shovelling, stone-breaking, regarded by him as a manifestation of life, as life? Quite the contrary. Life for him begins where this activity ceases, at the table, at the tavern seat, in bed. The twelve hours' work, on the other hand, has no meaning for him as weaving, spinning, boring, and so on, but only as earnings, which enable him to sit down at a table, to take his seat in the tavern, and to lie down in a bed. If the silk-worm's object in spinning were to prolong its existence as caterpillar, it would be a perfect example of a wage-worker.

Labour-power was not always a *commodity* (merchandise). Labour was not always wage-labour, *i.e.*, *free labour*. The *slave* did not sell his labour-power to the slave-owner, any more than the ox sells his labour to the farmer. The slave, together with his labour-power, was sold to his owner once for all. He is a

commodity that can pass from the hand of one owner to that of another. He *himself* is a commodity, but his labour-power is not *his* commodity. The *serf* sells<sup>1</sup> only a portion of his labour-power. It is not he who receives wages from the owner of the land; it is rather the owner of the land who receives a tribute from him. The serf belongs to the soil, and to the lord of the soil he brings its fruit. The *free labourer*, on the other hand, sells his very self, and that by fractions. He auctions off eight, ten, twelve, fifteen hours of his life, one day like the next, to the highest bidder, to the owner of raw materials, tools, and means of life, *i.e.*, to the capitalist. The labourer belongs neither to an owner nor to the soil, but eight, ten, twelve, fifteen hours of his daily life belong to whomsoever buys them. The worker leaves the capitalist, to whom he has sold himself, as often as he chooses, and the capitalist discharges him as often as he sees fit, as soon as he no longer gets any use, or not the required use, out of him. But the worker, whose only source of income is the sale of his labour-power, cannot leave *the whole class of buyers, i.e., the capitalist class*, unless he gives up his own existence. He does not belong to this or to that capitalist, but to the *capitalist class*; and it is for him to find his man, *i.e.*, to find a buyer in this capitalist class.

Before entering more closely upon the relation of capital to wage-labour, we shall present briefly the most general conditions which come into consideration in the determination of wages.

*Wages*, as we have seen, are the *price* of a certain commodity, labour-power. Wages, therefore, are determined by the same laws that determine the price of every other commodity. The question then is, *How is the price of a commodity determined?*

<sup>1</sup> "Sell" is not a very exact expression, for serfdom in its purity did not involve any relations of buying and selling between the serf and the lord of the manor, the tributes of the former to the latter consisting in *labour* and in *kind*. It is evident that Marx uses here the word "sells" in the general sense of *alienation*.—*Translator*.

## CHAPTER III

### BY WHAT IS THE PRICE OF A COMMODITY DETERMINED?

*By what is the price of a commodity determined?*

By the competition between buyers and sellers, by the relation of the demand to the supply, of the call to the offer. The competition by which the price of a commodity is determined is threefold.

The same commodity is offered for sale by various sellers. Whoever sells commodities of the same quality most cheaply, is sure to drive the other sellers from the field and to secure the greatest market for himself. The sellers therefore fight among themselves for the sales, for the market. Each one of them wishes to sell, and to sell as much as possible, and if possible to sell alone, to the exclusion of all other sellers. Each one sells cheaper than the other. Thus there takes place a *competition among the sellers* which *forces down* the price of the commodities offered by them.

But there is also a *competition among the buyers*; this upon its side causes the price of the proffered commodities to *rise*.

Finally, there is *competition between the buyers and the sellers*: these wish to purchase as cheaply as possible, those to sell as dearly as possible. The result of this competition between buyers and sellers will depend upon the relations between the two above-mentioned camps of competitors, *i.e.*, upon whether the competition in the army of buyers or the competition in the army of sellers is stronger. Industry leads two great armies into the field against each other, and each of these again is engaged in a battle among its own troops in its own ranks. The army among whose troops there is less fighting carries off the victory over the opposing host.

Let us suppose that there are one hundred bales of cotton in the market and at the same time purchasers for one thousand bales of cotton. In this case the demand is ten times greater than the supply. Competition among the buyers, then, will be very strong; each of them tries to get hold of one bale, if possible, of

the whole one hundred bales. This example is no arbitrary supposition. In the history of commerce we have experienced periods of scarcity of cotton, when some capitalists united together and sought to buy up not one hundred bales, but the whole cotton supply of the world. In the given case, then, one buyer seeks to drive the others from the field by offering a relatively higher price for the bales of cotton. The cotton sellers, who perceive the troops of the enemy in the most violent contention among themselves, and who therefore are fully assured of the sale of their whole one hundred bales, will beware of pulling one another's hair in order to force down the price of cotton at the very moment in which their opponents race with one another to screw it up high. So, all of a sudden, peace reigns in the army of sellers. They stand opposed to the buyers like one man, fold their arms in philosophic contentment and their claims would find no limit did not the offers of even the most importunate of buyers have a very definite limit.

If, then, the supply of a commodity is less than the demand for it, competition among the sellers is very slight, or there may be none at all among them. In the same proportion in which this competition decreases, the competition among the buyers increases. Result: a more or less considerable rise in the prices of commodities.

It is well known that the opposite case, with opposite result, happens more frequently. Great excess of supply over demand; desperate competition among the sellers, and a lack of buyers; forced sales of commodities at ridiculously low prices.

But what is a rise, and what a fall of prices? What is a high, and what a low price? A grain of sand is high when examined through a microscope, and a tower is low when compared with a mountain. And if the price is determined by the relation of supply and demand, by what is the relation of supply and demand determined?

Let us turn to the first worthy citizen we meet. He will not hesitate one moment, but, like another Alexander the Great, will cut this metaphysical knot with his multiplication table. He will say to us: "If the production of the commodities which I sell has cost me one hundred pounds, and out of the sale of these goods I make one hundred and ten pounds—within the year, you under-

stand—that's an honest, sound, reasonable profit. But if in the exchange I receive one hundred and twenty or one hundred and thirty pounds, that's a higher profit; and if I should get as much as two hundred pounds, that would be an extraordinary, an enormous profit." What is it, then, that serves this citizen as the standard of his profit? The *cost of the production* of his commodities. If in exchange for these goods he receives a quantity of other goods whose production has cost less, he has lost. If he receives in exchange for his goods a quantity of other goods whose production has cost more, he has gained. And he reckons the falling or rising of the profit according to the degree at which the exchange value of his goods stands, whether above or below his zero—the *cost of production*.

We have seen how the changing relation of supply and demand causes now a rise, now a fall of prices; now high, now low prices. If the price of a commodity rises considerably owing to a failing supply or a disproportionately growing demand, then the price of some other commodity must have fallen in proportion; for of course the price of a commodity only expresses in money the proportion in which other commodities will be given in exchange for it. If, for example, the price of a yard of silk rises from two to three shillings, the price of silver has fallen in relation to the silk, and in the same way the prices of all other commodities whose prices have remained stationary have fallen in relation to the price of silk. A larger quantity of them must be given in exchange in order to obtain the same amount of silk. Now, what will be the consequence of a rise in the price of a particular commodity? A mass of capital will be thrown into the prosperous branch of industry, and this immigration of capital into the provinces of the favoured industry will continue until it yields no more than the customary profits, or, rather until the price of its products, owing to overproduction, sinks below the cost of production.

Conversely: if the price of a commodity falls below its cost of production, then capital will be withdrawn from the production of this commodity. Except in the case of a branch of industry which has become obsolete and is therefore doomed to disappear, the production of such a commodity (that is, its supply), will, owing to this flight of capital, continue to decrease until it corresponds to the demand, and the price of the commodity rises again

to the level of its cost of production; or, rather, until the supply has fallen below the demand and its price has again risen above its cost of production, *for the current price of a commodity is always either above or below its cost of production.*

We see how capital continually emigrates out of the province of one industry and immigrates into that of another. The high price produces an excessive immigration, and the low price an excessive emigration.

We could show, from another point of view, how not only the supply, but also the demand, is determined by the cost of production. But this would lead us too far away from our subject.

We have just seen how the fluctuations of supply and demand always bring the price of a commodity back to its cost of production. *The actual price of a commodity, indeed, stands always above or below the cost of production; but the rise and fall reciprocally balance each other,* so that, within a certain period of time, if the ebbs and flows of the industry are reckoned up together, the commodities will be exchanged for one another in accordance with their cost of production. Their price is thus determined by their cost of production.

The determination of price by the cost of production is not to be understood in the sense of the bourgeois economists. The economists say that the *average price* of commodities equals the cost of production: that this is the *law*. The anarchic movement, in which the rise is compensated for by a fall and the fall by a rise, they regard as an accident. We might just as well consider the fluctuations as the law, and the determination of the price by cost of production as an accident—as is, in fact, done by certain other economists. But it is precisely these fluctuations which, viewed more closely, carry the most frightful devastation in their train, and, like an earthquake, cause bourgeois society to shake to its very foundations—it is precisely these fluctuations that force the price to conform to the cost of production. In the totality of this disorderly movement is to be found its order. In the total course of this industrial anarchy, in this circular movement, competition balances, as it were, the one extravagance by the other.

We thus see that the price of a commodity is indeed determined by its cost of production, but in such wise that the periods in which the price of these commodities rises above the cost of

production are balanced by the periods in which it sinks below the cost of production, and *vice versa*. Of course this does not hold good for a single given product of an industry, but only for that branch of industry. So also it does not hold good for an individual manufacturer, but only for the whole class of manufacturers.

The determination of price by cost of production is tantamount to the determination of price by the labour-time requisite to the production of a commodity, for the cost of production consists, first of raw materials and wear and tear of tools, etc., *i.e.*, of industrial products whose production has cost a certain number of work-days, which therefore represent a certain amount of labour-time, and, secondly, of direct labour, which is also measured by its duration.

## CHAPTER IV

### BY WHAT ARE WAGES DETERMINED?

Now, the same general laws which regulate the price of commodities in general, naturally regulate *wages*, or the *price* of labour-power. Wages will now rise, now fall, according to the relation of supply and demand, according as competition shapes itself between the buyers of labour-power, the capitalists, and sellers of labour-power, the workers. The fluctuations of wages correspond to the fluctuations in the price of commodities in general. *But within the limits of these fluctuations the price of labour-power will be determined by the cost of production, by the labour-time necessary for production of this commodity: labour-power.*

*What, then, is the cost of production of labour-power?*

It is the cost required for the maintenance of the labourer as a labourer, and for his education and training as a labourer.

Therefore, the shorter the time required for training up to a particular sort of work, the smaller is the cost of production of the worker, the lower is the price of his labour-power, his wages. In those branches of industry in which hardly any period of apprenticeship is necessary and the mere bodily existence of the worker is sufficient, the cost of his production is limited almost exclusively to the commodities necessary for keeping him in working condition. *The price of his work* will therefore be determined by the *price of the necessary means of subsistence*.

Here, however, there enters another consideration. The manufacturer who calculates his cost of production and, in accordance with it, the price of the product, takes into account the wear and tear of the instruments of labour. If a machine costs him, for example, one thousand shillings, and this machine is used up in ten years, he adds one hundred shillings annually to the price of the commodities, in order to be able after ten years to replace the worn-out machine with a new one. In the same manner, the cost of production of simple labour-power must include the cost

of propagation, by means of which the race of workers is enabled to multiply itself, and to replace worn-out workers with new ones. The wear and tear of the worker, therefore, is calculated in the same manner as the wear and tear of the machine.

Thus, the cost of production of simple labour-power amounts to the *cost of the existence and propagation of the worker*. The price of this cost of existence and propagation constitutes wages. The wages thus determined are called the *minimum of wages*. This minimum wage, like the determination of the price of commodities in general by cost of production, does not hold good for the *single individual*, but only for the *race*. Individual workers, indeed, millions of workers, do not receive enough to be able to exist and to propagate themselves; but the wages of the whole working class adjust themselves, within the limits of their fluctuations, to this minimum.

Now that we have come to an understanding in regard to the most general laws which govern wages, as well as the price of every other commodity, we can examine our subject more particularly.

## CHAPTER V

## THE NATURE AND GROWTH OF CAPITAL

CAPITAL consists of raw materials, instruments of labour, and means of subsistence of all kinds, which are employed in producing new raw materials, new instruments, and new means of subsistence. All these components of capital are created by labour, products of labour, *accumulated labour*. Accumulated labour that serves as a means to new production is capital. *So say the economists*. What is a Negro slave? A man of the black race. The one explanation is worthy of the other.

A Negro is a Negro. Only under certain conditions does he become a slave. A cotton-spinning machine is a machine for spinning cotton. Only under certain conditions does it become *capital*. Torn away from these conditions, it is as little capital as gold by itself is money, or as sugar is the price of sugar.

In the process of production, human beings work not only upon nature, but also upon one another. They produce only by working together in a specified manner and reciprocally exchanging their activities. In order to produce, they enter into definite connections and relations to one another, and only within these social connections and relations does their influence upon nature operate, *i.e.*, does production take place.

These social relations between the producers, and the conditions under which they exchange their activities and share in the total act of production, will naturally vary according to the character of the means of production. With the discovery of a new instrument of warfare, the firearm, the whole internal organisation of the army was necessarily altered, the relations within which individuals compose an army and can work as an army were transformed, and the relation of different armies to one another was likewise changed.

We thus see that the *social relations within which individuals produce, the social relations of production, are altered, trans-*

*formed, with the change and development of the material means of production, of the forces of production. The relations of production in their totality constitute what is called the social relations, society, and, moreover, a society at a definite stage of historic development, a society with peculiar, distinctive characteristics. Ancient society, feudal society, bourgeois (or capitalist) society, are such totalities of relations of production, each of which denotes a particular stage of development in the history of mankind.*

*Capital also is a social relation of production. It is a bourgeois relation of production, a relation of production of bourgeois society. The means of subsistence, the instruments of labour, the raw materials, of which capital consists—have they not been produced and accumulated under given social conditions, within definite social relations? Are they not employed for new production, under given social conditions, within definite social relations? And does not just this definite social character stamp the products which serve for new production as capital?*

Capital consists not only of means of subsistence, instruments of labour, and raw materials, not only of material products; it consists just as much of exchange values. All products of which it consists are *commodities*. *Capital, consequently, is not only a sum of material products, it is a sum of commodities, of exchange values, of social magnitudes.* Capital remains the same whether we put cotton in the place of wool, rice in the place of wheat, steamships in the place of railroads, provided only that the cotton, the rice, the steamships—the body of capital—have the same exchange value, the same price, as the wool, the wheat, the railroads, in which it was previously embodied. The bodily form of capital may transform itself continually, while capital does not suffer the least alteration.

*But though every capital is a sum of commodities, i.e., of exchange values, it does not follow that every sum of commodities, of exchange values, is capital.*

Every sum of exchange values is an exchange value. Each particular exchange value is a sum of exchange values. For example: a house worth £1,000 is an exchange value of £1,000: a piece of paper worth one penny is a sum of exchange values of one hundred one-hundredths of a penny. Products which are

exchangeable for others are *commodities*. The definite proportion in which they are exchangeable forms their *exchange value*, or, expressed in money, their price. The quantity of these products can have no effect on their character as *commodities*, as representing an *exchange value*, as having a certain *price*. Whether a tree be large or small, it remains a tree. Whether we exchange iron in pennyweights or in hundredweights, for other products, does this alter its character: its being a commodity, an exchange value? According to the quantity, it is a commodity of greater or of lesser value, of higher or of lower price.

*How then does a sum of commodities, of exchange values, become capital?*

Thereby, that as an independent social power, *i.e.*, as the power of a part of society, it preserves itself and multiplies by exchange with direct, living labour-power.

The existence of a class which possesses nothing but the ability to work is a necessary presupposition of capital.

*It is only the dominion of past, accumulated, materialised labour over immediate living labour that stamps the accumulated labour with the character of capital.*

Capital does not consist in the fact that accumulated labour serves living labour as a means for new production. It consists in the fact that living labour serves accumulated labour as the means of preserving and multiplying its exchange value.

## CHAPTER VI

### RELATION OF WAGE-LABOUR TO CAPITAL

WHAT is it that takes place in the exchange between the capitalist and the wage-labour?

The labourer receives means of subsistence in exchange for his labour-power; but the capitalist receives, in exchange for his means of subsistence, labour, the productive activity of the labourer, the creative force by which the worker not only replaces what he consumes, but also *gives to the accumulated labour a greater value than it previously possessed*. The labourer gets from the capitalist a portion of the existing means of subsistence. For what purpose do these *means of subsistence* serve him? For immediate consumption. But as soon as I consume means of subsistence, they are irrevocably lost to me, unless I employ the time during which these means sustain my life in producing new means of subsistence, in creating by my labour new values in place of the values lost in consumption. But it is just this noble reproductive power that the labourer surrenders to the capitalist in exchange for means of subsistence received. Consequently, he has lost it for himself.

Let us take an example. For one shilling a labourer works all day long in the fields of a farmer, to whom he thus secures a return of two shillings. The farmer not only receives the replaced value which he has given to the day-labourer; he has doubled it. Therefore he has consumed the one shilling that he gave to the day-labourer in a fruitful, productive manner. For the one shilling he has bought the labour-power of the day-labourer, which creates products of the soil of twice the value, and out of one shilling makes two. The day-labourer, on the contrary, receives in the place of his productive force, whose results he has just surrendered to the farmer, one shilling, which he exchanges for *means of subsistence*, which he consumes more or less

quickly. The one shilling has therefore been consumed in a double manner—*reproductively* for the capitalist, for it has been exchanged for labour-power, which brought forth two shillings; *unproductively* for the worker, for it has been exchanged for means of subsistence which are lost for ever, and whose value he can obtain again only by repeating the same exchange with the farmer. *Capital therefore presupposes wage-labour; wage-labour presupposes capital. They condition each other; each brings the other into existence.*

Does a worker in a cotton factory produce only cotton goods? No. He produces capital. He produces values which serve anew to command his work and to create by means of it new values.

Capital can multiply itself only by exchanging itself for labour-power, by calling wage-labour into life. The labour-power of the wage-labourer can exchange itself for capital only by increasing capital, by strengthening that very power whose slave it is. *Increase of capital, therefore, is increase of the proletariat, i.e., of the working class.*

And so, the bourgeoisie and its economists maintain that the interest of the capitalist and of the labourer is the same. And in fact, so they are! The worker perishes if capital does not keep him busy. Capital perishes if it does not exploit labour-power, which, in order to exploit, it must buy. The more quickly the capital destined for production—the productive capital—increases, the more prosperous industry is, the more the bourgeoisie enriches itself, the better business gets, so many more workers does the capitalist need, so much the dearer does the worker sell himself. *The fastest possible growth of productive capital is, therefore, the indispensable condition for a tolerable life to the labourer.*

But what is growth of productive capital? Growth of the power of accumulated labour over living labour; growth of the rule of the bourgeoisie over the working class. When wage-labour produces the alien wealth of dominating it, the power hostile to it, capital, there flow back to it its means of employment, *i.e.*, its means of subsistence, under the condition that it again become a part of capital, that it become again the lever whereby capital is to be forced into an accelerated expansive movement.

*To say that the interests of capital and the interests of the workers are identical, signifies only this, that capital and wage-labour are two sides of one and the same relation. The one conditions the other in the same way that the usurer and the borrower condition each other.*

As long as the wage-labourer remains a wage-labourer, his lot is dependent upon capital. That is what the boasted community of interests between worker and capitalists amounts to.

If capital grows, the mass of wage-labour grows, the number of wage-workers increases; in a word, the sway of capital extends over a greater mass of individuals.

Let us suppose the most favourable case: if productive capital grows, the demand for labour grows. It therefore increases the price of labour-power, wages.

A house may be large or small; as long as the neighbouring houses are likewise small, it satisfies all social requirements for a residence. But let there arise next to the little house a palace, and the little house shrinks into a hut. The little house now makes it clear that its inmate has no social position at all to maintain, or but a very insignificant one; and however high it may shoot up in the course of civilisation, if the neighbouring palace rises in equal or even in greater measure, the occupant of the relatively little house will always find himself more uncomfortable, more dissatisfied, more cramped within his four walls.

An appreciable rise in wages presupposes a rapid growth of productive capital. Rapid growth of productive capital calls forth just as rapid a growth of wealth, of luxury, of social needs and social pleasures. Therefore, although the pleasures of the labourer have increased, the social gratification which they afford has fallen in comparison with the increased pleasures of the capitalist, which are inaccessible to the worker, in comparison with the stage of development of society in general. Our wants and pleasures have their origin in society; we therefore measure them in relation to society; we do not measure them in relation to the objects which serve for their gratification. Since they are of a social nature, they are of a relative nature.

But wages are not at all determined merely by the sum of commodities for which they may be exchanged. Other factors enter into the problem. What the workers directly receive for their

labour-power is a certain sum of money. Are wages determined merely by this money price?

In the sixteenth century the gold and silver circulation in Europe increased in consequence of the discovery of richer and more easily worked mines in America. The value of gold and silver, therefore, fell in relation to other commodities. The workers received the same amount of coined silver for their labour-power as before. The money price of their work remained the same, and yet their wages had fallen, for in exchange for the same amount of silver they obtained a smaller amount of other commodities. This was one of the circumstances which furthered the growth of capital, the rise of the bourgeoisie, in the eighteenth century.

Let us take another case. In the winter of 1847, in consequence of bad harvests, the most indispensable means of subsistence—grains, meat, butter, cheese, etc.—rose greatly in price. Let us suppose that the workers still received the same sum of money for their labour-power as before. Did not their wages fall? To be sure. For the same money they received in exchange less bread, meat, etc. Their wages fell, not because the value of silver was less, but because the value of the means of subsistence had increased.

Finally, let us suppose that the money price of labour-power remained the same, while all agricultural and manufactured commodities had fallen in price because of the employment of new machines, of favourable seasons, etc. For the same money the workers could now buy more commodities of all kinds. Their wages have therefore risen, just because their money value has not changed.

The money price of labour-power, the nominal wages, do not therefore coincide with the actual or real wages, *i.e.*, with the amount of commodities which are actually given in exchange for the wages. If then we speak of a rise or fall of wages, we have to keep in mind not only the money price of labour-power, the nominal wages, but also the real wages.

But neither the nominal wages, *i.e.*, the amount of money for which the labourer sells himself to the capitalist, nor the real wages, *i.e.*, the amount of commodities which he can buy for this

money, exhausts the relations which are comprehended in the term wages.

Wages are determined above all by their relations to the gain, the profit, of the capitalist. In other words, wages are a proportionate, relative quantity.

*Real wages* express the price of labour-power in relation to the price of other commodities; *relative wages*, on the other hand, express the share of immediate labour in the value newly created by it, in relation to the share of it which falls to accumulated labour, to capital.

## CHAPTER VII

THE GENERAL LAW THAT DETERMINES THE RISE AND FALL  
OF WAGES AND PROFITS

WE have said: "Wages are not a share of the worker in the commodities produced by him. Wages are that part of already existing commodities with which the capitalist buys a certain amount of productive labour-power." But the capitalist must replace these wages out of the price for which he sells the product made by the worker; he must so replace it that, as a rule, there remains to him a surplus above the cost of production expended by him, that is, he must get a profit.

The selling price of the commodities produced by the worker is divided, from the point of view of the capitalist, into three parts: *First*, the replacement of the price of the raw materials advanced by him, in addition to the replacement of the wear and tear of the tools, machines, and other instruments of labour likewise advanced by him; *second*, the replacement of the wages advanced; and *third*, the surplus left over, *i.e.*, the profit of the capitalist.

While the first part merely replaces *previously existing values*, it is evident that the replacement of the wages and the surplus (the profit of capital) are as a whole taken out of the *new value*, which is *produced by the labour of the worker* and added to the raw materials. And *in this sense* we can view wages as well as profit, for the purpose of comparing them with each other, as shares in the product of the worker.

Real wages may remain the same, they may even rise, nevertheless the relative wages may fall. Let us suppose, for instance, that all means of subsistence have fallen two-thirds in price, while the day's wages have fallen but one-third; for example, from three to two shillings. Although the worker can now get a greater amount of commodities with these two shillings than he formerly did with three shillings, yet his wages have decreased in propor-

tion to the gain of the capitalist. The profit of the capitalist—the manufacturer's for instance—has increased by one shilling, which means that for a smaller amount of exchange values, which he pays to the worker, the latter must produce a greater amount of exchange values than before. The share of capital in proportion to the share of labour has risen. The distribution of social wealth between capital and labour has become still more unequal. The capitalist commands a greater amount of labour with the same capital. The power of the capitalist class over the working class has grown, the social position of the worker has become worse, has been forced down still another degree below that of the capitalist.

*What, then, is the general law that determines the rise and fall of wages and profit in their reciprocal relation?*

*They stand in inverse proportion to each other. The share of (profit) increases in the same proportion in which the share of labour (wages) falls, and vice versa. Profit rises in the same degree in which wages fall; it falls in the same degree in which wages rise.*

It might perhaps be argued that the capitalist can gain by an advantageous exchange of his products with other capitalists, by a rise in the demand for his commodities, whether in consequence of the opening up of new markets, or in consequence of temporarily increased demands in the old markets, and so on; that the profit of the capitalist, therefore, may be multiplied by taking advantage of other capitalists, independently of the rise and fall of wages, of the exchange value of labour-power; or that the profit of the capitalist may also rise through improvements in the instruments of labour, new applications of the forces of nature, and so on.

But in the first place it must be admitted that the result remains the same, although brought about in an opposite manner. Profit, indeed, has not risen because wages have fallen, but wages have fallen because profit has risen. With the same amount of another man's labour the capitalist has bought a larger amount of exchange values without having paid more for the labour on that account, *i.e.*, the work is paid for less in proportion to the net gain which it yields to the capitalist.

In the second place, it must be borne in mind that, despite the

fluctuations in the prices of commodities, the average price of every commodity, the proportion in which it exchanges for other commodities, is determined by its cost of production. The acts of overreaching and taking advantage of one another within the capitalist ranks necessarily equalise themselves. The improvements of machinery, the new applications of the forces of nature in the service of production, make it possible to produce in a given period of time, with the same amount of labour and capital, a larger amount of products, but in no wise a larger amount of exchange values. If by the use of the spinning-machine I can furnish twice as much yarn in an hour as before its invention—for instance, one hundred pounds instead of fifty pounds—in the long run I receive back, in exchange for this one hundred pounds no more commodities than I did before for fifty; because the cost of production has fallen by one-half, or because I can furnish double the product at the same cost.

Finally, in whatsoever proportion the capitalist class, whether of one country or of the entire world-market, distribute the net revenue of production among themselves, the total amount of this net revenue always consists exclusively of the amount by which accumulated labour has been increased from the proceeds of direct labour. This whole amount, therefore, grows in the same proportion in which labour augments capital, *i.e.*, in the same proportion in which profit rises as compared with wages.

## CHAPTER VIII

### THE INTERESTS OF CAPITAL AND WAGE-LABOUR ARE DIAMETRICALLY OPPOSED—EFFECT OF GROWTH OF PRODUCTIVE CAPITAL ON WAGES

WE thus see *that, even if we keep ourselves within the relation of capital and wage-labour, the interests of capital and the interests of wage-labour are diametrically opposed to each other.*

A rapid growth of capital is synonymous with a rapid growth of profits. Profits can grow rapidly only when the price of labour—the relative wages—decrease just as rapidly. Relative wages may fall, although real wages rise simultaneously with nominal wages, with the money value of labour, provided only that the real wage does not rise in the same proportion as the profit. If, for instance, in good business years wages rise 5 per cent. while profits rise 30 per cent., the proportional, the relative wage has not *increased*, but *decreased*.

If, therefore, the income of the worker increases with the rapid growth of capital, there is at the same time a widening of the social chasm that divides the worker from the capitalist, an increase in the power of capital over labour, a greater dependence of labour upon capital.

To say that “the worker has an interest in the rapid growth of capital,” means only this; that the more speedily the worker augments the wealth of the capitalist, the larger will be the crumbs which fall to him, the greater will be the number of workers that can be called into existence, the more can the mass of slaves dependent upon capital be increased.

We have thus seen that even the *most favourable situation* for the working class, namely, the most rapid growth of capital, however much it may improve the material life of the worker, does not abolish the antagonism between his interests and the interests of the capitalist. *Profit and wages* remain as before, *in inverse proportion.*

If capital grows rapidly, wages may rise, but the profit of capital rises disproportionately faster. The material position of the worker has improved, but at the cost of his social position. The social chasm that separates him from the capitalist has widened.

Finally, to say that "the most favourable condition for wage-labour is the fastest possible growth of productive capital," is the same as to say: the quicker the working class multiplies and augments the power inimical to it—the wealth of another which lords it over that class—the more favourable will be the conditions under which it will be permitted to toil anew at the multiplication of bourgeois wealth, at the enlargement of the power of capital, content thus to forge for itself the golden chains by which the bourgeoisie drags it in its train.

*Growth of productive capital and rise of wages*, are they really so indissolubly united as the bourgeois economists maintain? We must not believe their mere words. We dare not believe them even when they claim that the fatter capital is the more will its slave be pampered. The bourgeoisie is too much enlightened, it keeps its accounts much too carefully, to share the prejudices of the feudal lord, who makes an ostentatious display of the magnificence of his retinue. The conditions of existence of the bourgeoisie compel it to attend carefully to its bookkeeping. We must therefore examine more closely into the following question:

*In what manner does the growth of productive capital affect wages?*

If as a whole, the productive capital of bourgeois society grows, there takes place a more many-sided accumulation of labour. The individual capitals increase in number and in magnitude. The multiplications of individual capitals *increases the competition among capitalists*. The *increasing magnitude of individual capitals provides the means for leading more powerful armies of workers with more gigantic instruments of war upon the industrial battlefield*.

The one capitalist can drive the other from the field and carry off his capital only by selling more cheaply. In order to sell more cheaply without ruining himself, he must produce more cheaply, *i.e.*, increase the productive force of labour as much as possible.

But the productive power of labour is increased above all by a *greater division of labour* and by a more general introduction and

constant improvement of *machinery*. The larger the army of workers among whom the labour is subdivided, the more gigantic the scale upon which machinery is introduced, the more in proportion does the cost of production decrease, the more fruitful is the labour. And so there arises among the capitalists a universal rivalry for the increase of the division of labour and of machinery and for their exploitation upon the greatest possible scale.

If, now, by a greater division of labour, by the application and improvement of new machines, by a more advantageous exploitation of the forces of nature on a larger scale, a capitalist has found the means of producing with the same amount of labour (whether it be direct or accumulated labour) a larger amount of products of commodities than his competitors—if, for instance, he can produce a whole yard of linen in the same labour-time in which his competitors weave half a yard—how will this capitalist act?

He could keep on selling half a yard of linen at the old market price; but this would not have the effect of driving his opponents from the field and enlarging his own market. But his need of a market has increased in the same measure in which his productive power has extended. The more powerful and costly means of production that he has called into existence *enable* him, it is true, to sell his wares more cheaply, but they *compel* him at the same time *to sell more wares*, to get control of a very much *greater* market for his commodities; consequently, this capitalist will sell his half yard of linen more cheaply than his competitors.

But the capitalist will not sell the whole yard so cheaply as his competitors sell the half yard, although the production of the whole yard costs no more to him than does that of the half yard to the others. Otherwise he would make no extra profit, and would get back in exchange only the cost of production. He might obtain a greater income from having set in motion a larger capital, but not from having made a greater profit on his capital than the others. Moreover, he attains the object he is aiming at if he prices his goods only a small percentage lower than his competitors. He drives them off the field, he wrests from them at least a part of their market, by *underselling* them.

And finally, let us remember that the current price always stands either *above or below the cost of production*, according as the sale of a commodity takes place in the favourable or un-

favourable period of the industry. According as the market price of the yard of linen stands above or below its former cost of production, will the percentage vary at which the capitalist who has made use of the new and more fruitful means of production sell above his real cost of production.

But the *privilege* of our capitalist is not of long duration. Other competing capitalists introduce the same machines, the same division of labour, and introduce them upon the same or even upon a greater scale. And finally this introduction becomes so universal that the price of the linen is lowered not only below its old, but even below its new cost of production.

The capitalists therefore find themselves, in their mutual relations, in the same situation in which they were before the introduction of the new means of production; and if they are by these means enabled to offer double the product at the old price, they are now forced to furnish double the product for less than the old price. Having arrived at the new point, the new cost of production, the battle for supremacy in the market has to be fought out anew. Given more division of labour and more machinery, and there results a greater scale upon which division of labour and machinery are exploited. And competition again brings the same reaction against this result.

## CHAPTER IX

### EFFECT OF CAPITALIST COMPETITION ON THE CAPITALIST CLASS, THE MIDDLE CLASS, AND THE WORKING CLASS

We thus see how the method of production and the means of production are constantly enlarged, revolutionised, how *division of labour necessarily draws after it greater division of labour, the employment of machinery greater employment of machinery, work upon a large scale work upon a still greater scale*. This is the law that continually throws capitalist production out of its old ruts and compels capital to strain ever more the productive forces of labour *for the very reason* that it has already strained them—the law that grants it no respite, and constantly shouts in its ear: *March! march!* This is no other law than that which, within the periodical fluctuations of commerce, necessarily *adjusts the price of a commodity to its cost of production*.

No matter how powerful the means of production which a capitalist may bring into the field, competition will make their adoption general; and from the moment that they have been generally adopted, the sole result of the greater productiveness of his capital will be that he must furnish *at the same price*, ten, twenty, one hundred times as much as before. But since he must find a market for, perhaps, a thousand times as much, in order to outweigh the lower selling price by the greater quantity of the sales; since now a more extensive sale is necessary not only to gain a greater profit, but also in order to replace the cost of production (the instrument of production itself grows always more costly, as we have seen), and since this more extensive sale has become a question of life and death not only for him, but also for his rivals, the old struggle must begin again, and it is all the more violent the more powerful the means of production already invented are. *The division of labour and the application of machinery will therefore take a fresh start, and upon an even greater scale*.

Whatever be the power of the means of production which are

employed, competition seeks to rob capital of the golden fruits of this power by reducing the price of commodities to the cost of production; in the same measure in which production is cheapened, *i.e.*, in the same measure in which more can be produced with the same amount of labour, it compels by a law which is irresistible a still greater cheapening of production, the sale of ever greater masses of product for smaller prices. Thus the capitalist will have gained nothing more by his efforts than the obligation to furnish a greater product in the same labour-time; in a word, more difficult conditions for the profitable employment of his capital. While competition, therefore, constantly pursues him with its law of the cost of production and turns against himself every weapon that he forges against his rivals, the capitalist continually seeks to get the best of competition by restlessly introducing further subdivision of labour and new machines, which, though more expensive, enable him to produce more cheaply, instead of waiting until the new machines shall have been rendered obsolete by competition.

If we now conceive this feverish agitation as it operates in the *market of the whole world*, we shall be in a position to comprehend how the growth, accumulation, and concentration of capital bring in their train an ever more detailed subdivision of labour, an ever greater improvement of old machines, and a constant application of new machines—a process which goes on uninterruptedly, with feverish haste, and upon an ever more gigantic scale.

*But what effect do these conditions, which are inseparable from the growth of productive capital, have upon the determination of wages?*

The greater *division of labour* enables one labourer to accomplish the work of five, ten, or twenty labourers; it therefore increases competition among the labourers fivefold, tenfold, or twentyfold. The labourers compete not only by selling themselves one cheaper than the other, but also by one doing the work of five, then ten, or twenty; and they are forced to compete in this manner by the division of labour, which is introduced and steadily improved by capital.

Furthermore, to the same degree in which the division of labour increases, is the labour simplified. The special skill of the labourer becomes worthless. He becomes transformed into a

simple monotonous force of production, with neither physical nor mental elasticity. His work becomes accessible to all; therefore competitors press upon him from all sides. Moreover, it must be remembered that the more simple, the more easily learned the work is, so much the less is its cost of production, the expense of its acquisition, and so much the lower must the wages sink—for, like the price of any other commodity, they are determined by the cost of production. Therefore, *in the same measure in which labour becomes more unsatisfactory, more repulsive, do competition increase and wages decrease.*

The labourer seeks to maintain the total of his wages for a given time by performing more labour, either by working a greater number of hours, or by accomplishing more in the same number of hours. Thus, urged on by want, he himself multiplies the disastrous effects of division of labour. The result is: *the more he works, the less wages he receives.* And for this simple reason: the more he works, the more he competes against his fellow workmen, the more he compels them to compete against him, and to offer themselves on the same wretched conditions as he does; so that, in the last analysis, *he competes against himself as a member of the working class.*

Machinery produces the same effects, but upon a much larger scale. It supplants skilled labourers by unskilled, men by women, adults by children; where newly introduced, it throws workers upon the streets in great masses; and as it becomes more highly developed and more productive it discards them in additional though smaller numbers.

We have hastily sketched in broad outlines the *industrial war of capitalists among themselves.* This war has the peculiarity that the battles in it are won less by recruiting than by discharging the army of workers. The generals (the capitalists) vie with one another as to who can discharge the greatest number of industrial soldiers.

The economists tell us, to be sure, that those labourers who have been rendered superfluous by machinery find new avenues of employment. They dare not assert directly that the same labourers that have been discharged find situations in new branches of labour. Facts cry out too loudly against this lie. Strictly speaking, they only maintain that new means of employ-

ment will be found *for other sections of the working class*; for example, for that portion of the young generation of labourers who were about to enter upon that branch of industry which had just been abolished. Of course, this is a great satisfaction to the disabled labourers. There will be no lack of fresh exploitable blood and muscle for the Messrs. Capitalists—the dead may bury their dead. This consolation seems to be intended more for the comfort of the capitalists themselves than of their labourers. If the whole class of the wage-labourer were to be annihilated by machinery, how terrible that would be for capital, *which, without wage-labour, ceases to be capital!*

But even if we assume that all who are directly forced out of employment by machinery, as well as all of the rising generation who were waiting for a chance of employment in the same branch of industry, do actually find some new employment—are we to believe that this new employment will pay as high wages as did the one they have lost? If it did, *it would be in contradiction to all the laws of political economy.* We have seen how modern industry always tends to the substitution of the simpler and more subordinate employments for the higher and more complex ones. How, then, could a mass of workers thrown out of one branch of industry by machinery find refuge in another branch, unless they were to be paid more poorly?

An exception to the law has been adduced, namely, the workers who are employed in the manufacture of machinery itself. As soon as there is in industry a greater demand for and a greater consumption of machinery, it is said that the number of machines must necessarily increase; consequently, also, the manufacture of machines; consequently, also, the employment of workers in machine manufacture;—and the workers employed in this branch of industry are skilled, even educated, workers.

Since the year 1840 this assertion, which even before that date was only half true, has lost all semblance of truth; for the most diverse machines are now applied to the manufacture of the machines themselves on quite as extensive a scale as in the manufacture of cotton yarn, and the labourers employed in machine factories can but play the role of very stupid machines alongside of the highly ingenious machines.

But in place of the man who has been dismissed by the ma-

chine, the factory may employ, perhaps, three children and one woman! And must not the wages of the man have previously sufficed for the three children and one woman? Must not the minimum wages have sufficed for the preservation and propagation of the race? What, then, do these beloved bourgeois phrases prove? Nothing more than that now four times as many workers' lives are used up as there were previously, in order to obtain the livelihood of one working family.

To sum up: *the more productive capital grows, the more it extends the division of labour and the application of machinery; the more the division of labour and the application of machinery extend, the more does competition extend among the workers, the more do their wages shrink together.*

In addition, the working class is also recruited from the *higher strata* of society; a mass of small business men and of people living upon the interest of their capitals is precipitated into the ranks of the working class, and they will have nothing else to do than to stretch out their arms alongside of the arms of the workers. Thus the forest of outstretched arms, begging for work, grows ever thicker, while the arms themselves grow ever leaner.

It is evident that the small manufacturer cannot survive in a struggle in which the first condition of success is production upon an ever greater scale. It is evident that the small manufacturer cannot at the same time be a big manufacturer.

That the interest on capital decreases in the same ratio in which the mass and number of capitals increase, that it diminishes with the growth of capital, that therefore the small capitalist can no longer live on his interest, but must consequently throw himself upon industry by joining the ranks of the small manufacturers and thereby increasing the number of candidates for the proletariat—all this requires no further elucidation.

Finally, in the same measure in which the capitalists are compelled, by the movement described above, to exploit the already existing gigantic means of production on an ever-increasing scale, and for this purpose to set in motion all the mainsprings of credit, in the same measure do they increase the industrial earthquakes, in the midst of which the commercial world can preserve itself only by sacrificing a portion of its wealth, its products, and even its forces of production, to the gods of the lower world—in short,

the *crises* increase. They become more frequent and more violent, if for no other reason, than for this alone, that in the same measure in which the mass of products grows, and therefore the needs for extensive markets, in the same measure does the world market shrink ever more, and ever fewer markets remain to be exploited, since every previous crisis has subjected to the commerce of the world a hitherto unconquered or but superficially exploited market.

But capital not only lives upon labour. Like a master, at once distinguished and barbarous, it drags with it into its grave the corpses of its slaves, whole hecatombs of workers, who perish in the crises.

We thus see that *if capital grows rapidly, competition among the workers grows with even greater rapidity, i.e., the means of employment and subsistence for the working class decrease in proportion even more rapidly; but, this notwithstanding, the rapid growth of capital is the most favourable condition for wage-labour.*

## *Value, Price and Profit*

## PUBLISHER'S NOTE

*Value, Price and Profit* is here published in the original version as delivered by Marx in English and edited by his daughter, Eleanor Marx Aveling. The introduction and notes are by the Marx-Engels-Lenin Institute.

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## INTRODUCTION

THE present work is an address delivered by Karl Marx at two sessions of the General Council of the First International on June 20 and 27, 1865. The circumstances which led to this report are briefly as follows:

At the session of the General Council on April 4, 1865, John Weston, an influential member of the General Council and English workers' representative, proposed that the General Council should discuss the following questions:

(1) Can the social and material prospects of the working class be in general improved by wage increases?

(2) Do not the efforts of the trade unions to secure increases have a harmful effect on other branches of industry?

Weston declared that he would uphold a negative answer to the first question and a positive answer to the second one.

Weston's report was delivered and discussed at the session of the Council on May 2 and 20. In a letter to Engels of May 20, 1865, Marx refers to this as follows:

This evening a special session of the International. A good old fellow, an old Owenist, *Weston* (carpenter) has put forward the two following propositions, which he is continually defending in the *Beehive*: (1) That a general rise in the rate of wages would be of no use to the workers; (2) that therefore, etc., the trade unions have a *harmful* effect.

If these two propositions, in which *he* alone in our society believes, were accepted, we should be turned into a joke both on account of the trade unions here and of the *infection of strikes*<sup>1</sup> which now prevails on the Continent. . . . I am, of course, expected to supply the refutation. I ought really therefore to have worked out my reply for this evening, but thought it more important to write on at my book<sup>2</sup> and so shall have to depend upon improvisation.

Of course I know beforehand what the two main points are: (1) That the *wages of labour* determine the value of commodities, (2) that if the capitalists pay five instead of four shillings today,

<sup>1</sup> This phrase was written in English.—Ed.

<sup>2</sup> *Capital*.—Ed.

they will sell their commodities for five instead of four shillings tomorrow (being enabled to do so by the increased demand).

Inane though this is, only attaching itself to the most superficial external appearance, it is nevertheless not easy to explain to ignorant people all the economic questions which compete with one another here. *You can't compress a course of political economy into one hour. But we shall do our best.*<sup>1</sup>

At the session of May 20, Weston's views were subjected to a smashing criticism by Marx, and Wheeler, a representative of the English trade unions on the General Council, also spoke against Weston. Marx did not confine himself to "improvisation," but proceeded to deliver a counter-report. Proposals were made at the sessions of the Central Council to publish the reports of Marx and Weston. In connection with this Marx wrote as follows to Engels on June 24:

I have read a paper in the Central Council (it would make two printer's sheets<sup>2</sup> perhaps) on the question brought up by Mr. Weston as to the effect of a general rise of wages, etc. The first part of it was an answer to Weston's nonsense; the second, a theoretical explanation, in so far as the occasion was suited to this.

Now the people want to have this printed. On the one hand, this might perhaps be useful, since they are connected with John Stuart Mill, Professor Beasley, Harrison, etc. On the other hand I have the following doubts: (1) It is none too flattering to have Mister Weston as one's opponent; (2) in the second part the thing contains, in an extremely condensed but relatively popular form, much that is new, taken in advance from my book, while at the same time it has necessarily to slur over all sorts of things. The question is, whether such anticipation is expedient?

The work, however, was not published either by Marx or Engels. It was found among Marx's papers after Engels' death and published by Marx's daughter, Eleanor Aveling. In the English language it was published under the title of *Value, Price and Profit*, while the German translation bore the title of *Wages, Price and Profit*.

This work, as Marx himself noted, falls into two parts. In the first part, Marx, while criticising Weston, is at the same time essentially attacking the so-called "theory of the wages

<sup>1</sup> K. Marx and F. Engels, *Correspondence 1846-1895*, pp. 202-203.—Ed.

<sup>2</sup> One sheet is 16 printed pages.—Ed.

fund," which had been presented in the main by Weston in his report, and which had John Stuart Mill as its most formidable supporter.

The gist of the theory of the wages fund is the assertion that the capital which may be expended in any given period for the payment of wages is a rigid and definite sum which cannot be augmented; and that therefore the wages of each worker are arrived at by dividing up this wages fund among the total number of workers in the country. From this theory it would follow that the struggle of the working class to raise wages is inexpedient and even harmful. This theory was thus a weapon in the hands of the employers in their struggle against the working masses. From the denial of the expediency of the economic struggle, this theory leads directly to a denial of the expediency of the political struggle of the workers, of the struggle against capitalism and consequently preaches to the workers political abstinence, and, at best, political subservience to the tutelage and leadership of the bourgeoisie. By presenting such views at the sessions of the General Council, Weston showed himself to be essentially a mouthpiece of bourgeois views. This was why Marx deemed it necessary to subject Weston's views to an annihilating criticism in a special counter-report. The subject dealt with by Marx has lost none of its actuality at the present day. The ideas underlying the theory of the "wages fund" continue to be put forward in more or less disguised forms, not only by capitalist economists but also by the reformist union leadership in their arguments for acceptance of wage cuts.

In the second part of the present work Marx gives a popular exposition of the fundamental theses of the theories of value and surplus value and of the conclusions derived from these theories. As is mentioned by Marx in his letter to Engels, this part contains an exposition of several theses from his book *Capital* on which he was working at the time. Although it is so condensed, this part of the work nevertheless constitutes a model of lucid exposition and a consummate popularisation of the economic theory of Marx. A study of this pamphlet is still the best introduction to Marx's *Capital*.

# VALUE, PRICE AND PROFIT

## PRELIMINARY

CITIZENS,

Before entering into the subject matter, allow me to make a few preliminary remarks.

There reigns now on the Continent a real epidemic of strikes, and a general clamour for a rise of wages. The question will turn up at our Congress. You, as the head of the International Association, ought to have settled convictions upon this paramount question. For my own part, I considered it, therefore, my duty to enter fully into the matter, even at the peril of putting your patience to a severe test.

Another preliminary remark I have to make in regard to Citizen Weston. He has not only proposed to you, but has publicly defended, in the interest of the working class, as he thinks, opinions he knows to be most unpopular with the working class. Such an exhibition of moral courage all of us must highly honour. I hope that, despite the unvarnished style of my paper, at its conclusion he will find me agreeing with what appears to me the just idea lying at the bottom of his theses, which, however, in their present form, I cannot but consider theoretically false and practically dangerous.

I shall now at once proceed to the business before us.

## I

### PRODUCT AND WAGES

CITIZEN WESTON'S argument rested, in fact, upon two premises: firstly, that the *amount of national production* is a *fixed thing*, a *constant* quantity or magnitude, as the mathematicians would say; secondly, that the *amount of real wages*, that is to say, of wages as measured by the quantity of the commodities they can buy, is a *fixed* amount, a *constant* magnitude.

Now, his first assertion is evidently erroneous. Year after year, you will find that the value and mass of production in-

crease, that the productive powers of the national labour increase, and that the amount of money necessary to circulate this increasing production continuously changes. What is true at the end of the year, and for different years compared with each other, is true for every average day of the year. The amount or magnitude of national production changes continuously. It is not a *constant* but a *variable* magnitude; and apart from changes in population it must be so, because of the continuous change in the *accumulation of capital* and the *productive powers of labour*. It is perfectly true that if a *rise in the general rate of wages* should take place today, that rise, whatever its ulterior effects might be, would, *by itself*, not *immediately* change the amount of production. It would, in the first instance, proceed from the existing state of things. But *if before the rise of wages the national production was variable, and not fixed*, it will continue to be variable and not fixed *after* the rise of wages.

But suppose the amount of national production to be *constant* instead of *variable*. Even then, what our friend Weston considers a logical conclusion would still remain a gratuitous assertion. If I have a given number, say eight, the absolute limits of this number do not prevent its parts from changing their *relative* limits. If profits were six and wages two, wages might increase to six and profits decrease to two, and still the total amount remain eight. Thus the fixed amount of production would by no means prove the fixed amount of wages. How then does our friend Weston prove this fixity? By asserting it.

But even conceding him his assertion, it would cut both ways, while he presses it only in one direction. If the amount of wages is a constant magnitude, then it can be neither increased nor diminished. If then, in enforcing a temporary rise of wages, the working men act foolishly, the capitalists, in enforcing a temporary fall of wages, would act not less foolishly. Our friend Weston does not deny that, under certain circumstances, the working men *can* enforce a rise of wages, but, their amount being naturally fixed, there must follow a reaction. On the other hand, he knows also that the capitalists *can* enforce a fall of wages, and, indeed, continuously try to enforce it. According to the principle of the constancy of wages, a reaction ought to

follow in this case not less than in the former. The working men, therefore, reacting against the attempt at, or the act of, lowering wages, would act rightly. They would, therefore, act rightly in enforcing a *rise of wages*, because every *reaction* against the lowering of wages is an *action* for raising wages. According to Citizen Weston's own principle of the *constancy of wages*, the working men ought, therefore, under certain circumstances, to combine and struggle for a rise of wages.

If he denies this conclusion, he must give up the premise from which it flows. He must not say that the amount of wages is a *constant quantity*, but that, although it cannot and must not *rise*, it can and must *fall*, whenever capital pleases to lower it. If the capitalist pleases to feed you upon potatoes instead of upon meat, and upon oats instead of upon wheat, you must accept his will as a law of political economy, and submit to it. If in one country the rate of wages is higher than in another, in the United States, for example, than in England, you must explain this difference in the rate of wages by a difference between the will of the American capitalist and the will of the English capitalist, a method which would certainly very much simplify, not only the study of economic phenomena, but of all other phenomena.

But even then, we might ask, *why* the will of the American capitalist differs from the will of the English capitalist? And to answer the question you must go beyond the domain of *will*. A parson may tell me that God wills one thing in France, and another thing in England. If I summon him to explain to me this duality of will, he might have the brass to answer me that God wills to have one will in France and another will in England. But our friend Weston is certainly the last man to make an argument of such a complete negation of all reasoning.

The *will* of the capitalist is certainly to take as much as possible. What we have to do is not to talk about his *will*, but to enquire into his *power*, the *limits of that power*, and the *character of those limits*.

## II

## PRODUCTION, WAGES, PROFITS

THE address Citizen Weston read to us might have been compressed into a nutshell.

All his reasoning amounted to this: If the working class forces the capitalist class to pay five shillings instead of four shillings in the shape of money wages, the capitalist will return in the shape of commodities four shillings' worth instead of five shillings' worth. The working class would have to pay five shillings for what, before the rise of wages, they bought with four shillings. But why is this the case? Why does the capitalist only return four shillings' worth for five shillings? Because the amount of wages is fixed. But why is it fixed at four shillings' worth of commodities? Why not at three, or two, or any other sum? If the limit of the amount of wages is settled by an economic law, independent alike of the will of the capitalist and the will of the working man, the first thing Citizen Weston had to do was to state that law and prove it. He ought then, moreover, to have proved that the amount of wages actually paid at every given moment always corresponds exactly to the necessary amount of wages, and never deviates from it. If, on the other hand, the given limit of the amount of wages is founded on the *mere will* of the capitalist, or the limits of his avarice, it is an arbitrary limit. There is nothing necessary in it. It may be changed *by* the will of the capitalist, and may, therefore, be changed *against* his will.

Citizen Weston illustrated his theory by telling you that when a bowl contains a certain quantity of soup, to be eaten by a certain number of persons, an increase in the broadness of the spoons would produce no increase in the amount of soup. He must allow me to find this illustration rather spoony. It reminded me somewhat of the simile employed by Menenius Agrippa. When the Roman plebeians struck against the Roman patricians, the patrician Agrippa told them that the patrician belly fed the plebeian members of the body politic. Agrippa failed to show that you feed the members of one man by filling the belly of another. Citizen Weston, on his part, has forgotten

that the bowl from which the workmen eat is filled with the whole produce of the national labour, and that what prevents them fetching more out of it is neither the narrowness of the bowl nor the scantiness of its contents, but only the smallness of their spoons.

By what contrivance is the capitalist enabled to return four shillings' worth for five shillings? By raising the price of the commodity he sells. Now, does a rise and, more generally, a change in the prices of commodities, do the prices of commodities themselves, depend on the mere will of the capitalist? Or are, on the contrary, certain circumstances wanted to give effect to that will? If not, the ups and downs, the incessant fluctuations of market prices, would become an insoluble riddle.

As we suppose that no change whatever has taken place either in the productive powers of labour, or in the amount of capital and labour employed, or in the value of the money wherein the values of products are estimated, but *only a change in the rate of wages*, how could that *rise of wages* affect the *prices of commodities*? Only by affecting the actual proportion between the demand for, and the supply of, these commodities.

It is perfectly true that, considered as a whole, the working class spends, and must spend, its income upon *necessaries*. A general rise in the rate of wages would, therefore, produce a rise in the demand for, and consequently in the *market prices of, necessaries*. The capitalists who produce these necessities would be compensated for the risen wages by the rising market prices of their commodities. But how with the other capitalists who do *not* produce necessities? And you must not fancy them a small body. If you consider that two-thirds of the national produce are consumed by one-fifth of the population—a member of the House of Commons stated it recently to be but one-seventh of the population—you will understand what an immense proportion of the national produce must be produced in the shape of luxuries, or be *exchanged* for luxuries, and what an immense amount of the necessities themselves must be wasted upon flunkies, horses, cats, and so forth, a waste we know from experience to become always much limited with the rising prices of necessities.

Well, what would be the position of those capitalists who do

not produce necessaries? For the *fall in the rate of profit*, consequent upon the general rise of wages, they could not compensate themselves by a *rise in the price of their commodities*, because the demand for those commodities would not have increased. Their income would have decreased; and from this decreased income they would have to pay more for the same amount of higher-priced necessaries. But this would not be all. As their income had diminished they would have less to spend upon luxuries, and therefore their mutual demand for their respective commodities would diminish. Consequent upon this diminished demand the prices of their commodities would fall. In these branches of industry, therefore, *the rate of profit would fall*, not only in simple proportion to the general rise in the rate of wages, but in the compound ratio of the general rise of wages, the rise in the prices of necessaries, and the fall in the prices of luxuries.

What would be the consequence of *this difference in the rates of profit* for capitals employed in the different branches of industry? Why, the consequence that generally obtains whenever, from whatever reason, the *average rate of profit* comes to differ in the different spheres of production. Capital and labour would be transferred from the less remunerative to the more remunerative branches; and this process of transfer would go on until the supply in the one department of industry would have risen proportionately to the increased demand, and would have sunk in the other departments according to the decreased demand. *This change effected*, the *general rate of profit* would again be *equalised* in the different branches. As the whole derangement originally arose from a mere change in the proportion of the demand for, and the supply of, different commodities, the cause ceasing, the effect would cease, and *prices* would return to their former level and equilibrium. Instead of being limited to some branches of industry, *the fall in the rate of profit* consequent upon the rise of wages would have become *general*. According to our supposition, there would have taken place no change in the productive powers of labour, nor in the aggregate amount of production, but *that given amount of production would have changed its form*. A greater part of the produce would exist in the shape of necessaries, a lesser part in

the shape of luxuries, or what comes to the same, a lesser part would be exchanged for foreign luxuries, and be consumed in its original form, or, what again comes to the same, a greater part of the native produce would be exchanged for foreign necessaries instead of for luxuries. The general rise in the rate of wages would, therefore, after a temporary disturbance of market prices, only result in a general fall of the rate of profit without any permanent change in the prices of commodities.

If I am told that in the previous argument I assume the whole surplus wages to be spent upon necessaries, I shall answer that I have made the supposition most advantageous to the opinion of Citizen Weston. If the surplus wages were spent upon articles formerly not entering into the consumption of the working men, the real increase of their purchasing power would need no proof. Being, however, only derived from an advance of wages, that increase of their purchasing power must exactly correspond to the decrease of the purchasing power of the capitalists. The *aggregate demand* for commodities would, therefore, not *increase*, but the constituent parts of that demand would *change*. The increasing demand on the one side would be counterbalanced by the decreasing demand on the other side. Thus the aggregate demand remaining stationary, no change whatever could take place in the market prices of commodities.

You arrive, therefore, at this dilemma: Either the surplus wages are equally spent upon all articles of consumption—then the expansion of demand on the part of the working class must be compensated by the contraction of demand on the part of the capitalist class—or the surplus wages are only spent upon some articles whose market prices will temporarily rise. Then the consequent rise in the rate of profit in some, and the consequent fall in the rate of profit in other branches of industry will produce a change in the distribution of capital and labour, going on until the supply is brought up to the increased demand in the one department of industry, and brought down to the diminished demand in the other. On the one supposition there will occur no change in the prices of commodities. On the other supposition, after some fluctuations of market prices, their exchangeable values of commodities will subside to the former level. On both suppositions the general rise in the rate

of wages will ultimately result in nothing else but a general fall in the rate of profit.

To stir up your powers of imagination Citizen Weston requested you to think of the difficulties which a general rise of English agricultural wages from nine shillings to eighteen shillings would produce. Think, he exclaimed, of the immense rise in the demand for necessaries, and the consequent fearful rise in their prices! Now, all of you know that the average wages of the American agricultural labourer amount to more than double that of the English agricultural labourer, although the prices of agricultural produce are lower in the United States than in the United Kingdom, although the general relations of capital and labour obtain in the United States the same as in England, and although the annual amount of production is much smaller in the United States than in England. Why, then, does our friend ring this alarm bell? Simply to shift the real question before us. A sudden rise of wages from nine shillings to eighteen shillings would be a sudden rise to the amount of 100 per cent. Now, we are not at all discussing the question whether the general rate of wages in England could suddenly be increased by 100 per cent. We have nothing at all to do with the *magnitude* of the rise, which in every practical instance must depend on, and be suited to, given circumstances. We have only to inquire how a general rise in the rate of wages, even if restricted to one per cent, will act.

Dismissing friend Weston's fancy rise of 100 per cent, I propose calling your attention to the real rise of wages that took place in Great Britain from 1849 to 1859.

You are all aware of the Ten Hours Bill, or rather Ten and a Half Hours Bill, introduced since 1848. This was one of the greatest economic changes we have witnessed. It was a sudden and compulsory rise of wages, not in some local trades, but in the leading industrial branches by which England sways the markets of the world. It was a rise of wages under circumstances singularly unpropitious. Dr. Ure, Professor Senior, and all the other official economic mouthpieces of the middle class, *proved*, and I must say upon much stronger grounds than those of our friend Weston, that it would sound the death knell of English industry. They proved that it not only amounted to

a simple rise of wages, but to a rise of wages initiated by, and based upon, a diminution of the quantity of labour employed. They asserted that the twelfth hour you wanted to take from the capitalist was exactly the only hour from which he derived his profit. They threatened a decrease of accumulation, rise of prices, loss of markets, stinting of production, consequent reaction upon wages, ultimate ruin. In fact, they declared Maximilian Robespierre's Maximum Laws<sup>1</sup> to be a small affair compared to it; and they were right in a certain sense. Well, what was the result? A rise in the money wages of the factory operatives, despite the curtailing of the working day, a great increase in the number of factory hands employed, a continuous fall in the prices of their products, a marvellous development in the productive powers of their labour, an unheard-of progressive expansion of the markets for their commodities. In Manchester, at the meeting in 1860 of the Society for the Advancement of Science, I myself heard Mr. Newman confess that he, Dr. Ure, Senior, and all other official propounders of economic science had been wrong, while the instinct of the people had been right. I mention Mr. W. Newman, not Professor Francis Newman, because he occupies an eminent position in economic science, as the contributor to, and editor of, Mr. Thomas Tooke's *History of Prices*, that magnificent work which traces the history of prices from 1793 to 1856. If our friend Weston's fixed idea of a fixed amount of wages, a fixed amount of production, a fixed degree of the productive power of labour, a fixed and permanent will of the capitalists, and all his other fixedness and finality were correct, Professor Senior's woeful forebodings would have been right, and Robert Owen,<sup>2</sup> who already in 1816 proclaimed a general limitation of the work-

<sup>1</sup> The Maximum Law was introduced during the Great French Revolution in 1792, fixing definite price limits for commodities and standard rates of wages. The chief supporters of the Maximum Law were the so-called "madmen" who represented the interests of the urban and village poor. Robespierre, the leader of the Jacobin Party, introduced this law at a time when the Jacobins as a result of tactical considerations had formed a *bloc* with the "madmen."—*Ed.*

<sup>2</sup> Robert Owen (1771-1858) was a British manufacturer who became a utopian socialist. He introduced in his factory the ten-hour day, and also organised sickness insurance, consumers' co-operative societies, etc.—*Ed.*

ing day the first preparatory step to the emancipation of the working class and actually in the teeth of the general prejudice inaugurated it on his own hook in his cotton factory at New Lanark, would have been wrong.

In the very same period during which the introduction of the Ten Hours Bill, and the rise of wages consequent upon it, occurred, there took place in Great Britain, for reasons which it would be out of place to enumerate here, a *general rise in agricultural wages*.

Although it is not required for my immediate purpose, in order not to mislead you, I shall make some preliminary remarks.

If a man got two shillings weekly wages, and if his wages rose to four shillings, the *rate of wages* would have risen by 100 per cent. This would seem a very magnificent thing if expressed as a rise in the *rate of wages*, although the *actual amount of wages*, four shillings weekly, would still remain a wretchedly small, a starvation, pittance. You must not, therefore, allow yourselves to be carried away by the high-sounding per cents in the *rate of wages*. You must always ask: What was the *original amount*?

Moreover, you will understand, that if there were ten men receiving each 2s. per week, five men receiving each 5s., and five men receiving 11s. weekly, the twenty men together would receive 100s., or £5, weekly. If then a rise, say by 20 per cent, upon the *aggregate* sum of their weekly wages took place, there would be an advance from £5 to £6. Taking the average, we might say that the *general rate of wages* had risen by 20 per cent, although, in fact, the wages of the ten men had remained stationary, the wages of the one lot of five men had risen from 5s. to 6s. only, and the wages of the other lot of five men from 5s. to 70s.<sup>1</sup> One half of the men would not have improved their position at all, one quarter would have improved it in an imperceptible degree, and only one quarter would have bettered it really. Still, reckoning by the *average*, the total amount of the wages of those twenty men would have increased by 20 per

<sup>1</sup> These figures, 55s.-70s., refer to the total wages of the group of five men. The wage of each man in the group would increase from 11s. to 14s.—Ed.

cent, and as far as the aggregate capital that employs them, and the prices of the commodities they produce, are concerned, it would be exactly the same as if all of them had equally shared in the average rise of wages. In the case of agricultural labour, the standard of wages being very different in the different counties of England and Scotland, the rise affected them very unequally.

Lastly, during the period when that rise of wages took place counteracting influences were at work, such as the new taxes consequent upon the Russian war, the extensive demolition of the dwelling-houses of the agricultural labourers, and so forth.

Having premised so much, I proceed to state that from 1849 to 1859 there took place a *rise of about 40 per cent* in the average rate of the agricultural wages of Great Britain. I could give you ample details in proof of my assertion, but for the present purpose think it sufficient to refer you to the conscientious and critical paper read in 1860 by the late Mr. John C. Morton at the London Society of Arts on *The Forces Used in Agriculture*. Mr. Morton gives the returns, from bills and other authentic documents, which he had collected from about one hundred farmers; residing in twelve Scotch and thirty-five English counties.

According to our friend Weston's opinion, and taken together with the simultaneous rise in the wages of the factory operatives, there ought to have occurred a tremendous rise in the prices of agricultural produce during the period 1849 to 1859. But what is the fact? Despite the Russian war, and the consecutive unfavourable harvests from 1854 to 1856, the average price of wheat, which is the leading agricultural produce of England, fell from about £3 per quarter for the years 1838 to 1848 to about £2 10s. per quarter for the years 1849 to 1859. This constitutes a fall in the price of wheat of more than 16 per cent simultaneously with an average rise of agricultural wages of 40 per cent. During the same period, if we compare its end with its beginning, 1859 with 1849, there was a decrease of official pauperism from 934,419 to 860,470, the difference being 73,949; a very small decrease, I grant, and which in the following years was again lost, but still a decrease.

It might be said that, consequent upon the abolition of the

Corn Laws, the import of foreign corn was more than doubled during the period from 1849 to 1859, as compared with the period from 1838 to 1848. And what of that? From Citizen Weston's standpoint one would have expected that this sudden, immense, and continuously increasing demand upon foreign markets must have sent up the prices of agricultural produce there to a frightful height, the effect of increased demand remaining the same, whether it comes from without or from within. What was the fact? Apart from some years of failing harvests, during all that period the ruinous fall in the price of corn formed a standing theme of declamation in France; the Americans were again and again compelled to burn their surplus produce; and Russia, if we are to believe Mr. Urquhart, prompted the Civil War in the United States because her agricultural exports were crippled by the Yankee competition in the markets of Europe.

*Reduced to its abstract form*, Citizen Weston's argument would come to this: Every rise in demand occurs always on the basis of a given amount of production. It can, therefore, *never increase the supply of the articles demanded, but only enhance their money prices*. Now the most common observation shows that an increased demand will, in some instances, leave the market prices of commodities altogether unchanged, and will, in other instances, cause a temporary rise of market prices followed by an increased supply, followed by a reduction of the prices *to* their original level, and in many cases *below* their original level. Whether the rise of demand springs from surplus wages, or from any other cause, does not at all change the conditions of the problem. From Citizen Weston's standpoint the general phenomenon was as difficult to explain as the phenomenon occurring under the exceptional circumstances of a rise of wages. His argument had, therefore, no peculiar bearing whatever upon the subject we treat. It only expressed his perplexity at accounting for the laws by which an increase of demand produces an increase of supply, instead of an ultimate rise of market prices.

## III

## WAGES AND CURRENCY

ON the second day of the debate our friend Weston clothed his old assertions in new forms. He said: Consequent upon a general rise in money wages, more currency will be wanted to pay the same wages. The currency being *fixed*, how can you pay with this fixed currency increased money wages? First the difficulty arose from the fixed amount of commodities accruing to the working man despite his increase of money wages; now it arises from the increased money wages, despite the fixed amount of commodities. Of course, if you reject his original dogma, his secondary grievance will disappear.

However, I shall show that this currency question has nothing at all to do with the subject before us.

In your country the mechanism of payments is much more perfected than in any other country of Europe. Thanks to the extent and concentration of the banking system, much less currency is wanted to circulate the same amount of values, and to transact the same or a greater amount of business. For example, as far as wages are concerned, the English factory operative pays his wages weekly to the shopkeeper, who sends them weekly to the banker, who returns them weekly to the manufacturer, who again pays them away to his working men, and so forth. By this contrivance the yearly wages of an operative, say of £52, may be paid by one single sovereign turning round every week in the same circle. Even in England the mechanism is less perfect than in Scotland, and is not everywhere equally perfect; and therefore we find, for example, that in some agricultural districts, as compared to the manufacturing districts, much more currency is wanted to circulate a much smaller amount of values.

If you cross the Channel you will find that the *money wage* are much lower than in England, but that they are circulated in Germany, Italy, Switzerland, and France by a *much larger amount of currency*. The same sovereign will not be so quickly intercepted by the banker or returned to the industrial capital-

ist; and, therefore, instead of one sovereign circulating £52 yearly, you want, perhaps, three sovereigns to circulate yearly wages to the amount of £25. Thus, by comparing continental countries with England, you will see at once that low money wages may require a much larger currency for their circulation than high money wages, and that this is, in fact, a merely technical point, quite foreign to our subject.

According to the best calculations I know, the yearly income of the working class of this country may be estimated at £250,000,000. This immense sum is circulated by about £3,000,000. Suppose a rise of wages of 50 per cent to take place. Then instead of £3,000,000 of currency, £4,500,000 would be wanted. As a very considerable part of the working man's daily expenses is laid out in silver and copper, that is to say, in mere tokens, whose relative value to gold is arbitrarily fixed by law, like that of inconvertible money paper, a rise of money wages by 50 per cent would, in the extreme case, require an additional circulation of sovereigns say to the amount of one million. One million, now dormant, in the shape of bullion or coin, in the cellars of the Bank of England, or of private bankers, would circulate. But even the trifling expense resulting from the additional minting or the additional wear and tear of that million might be spared, and would actually be spared, if any friction should arise from the want of the additional currency. All of you know that the currency of this country is divided into two great departments. One sort, supplied by bank-notes of different descriptions, is used in the transactions between dealers and dealers, and the larger payments from consumers to dealers, while another sort of currency, metallic coin, circulates in the retail trade. Although distinct, these two sorts of currency intermix with each other. Thus gold coin, to a very great extent, circulates even in larger payments for all the odd sums under £5. If tomorrow £4 notes, or £3 notes, or £2 notes were issued, the gold coin filling these channels of circulation would at once be driven out of them, and flow into those channels where they would be needed from the increase of money wages. Thus the additional million required by an advance of wages by 50 per cent would be supplied without the addition of one single sov-

ereign. The same effect might be produced, without one additional bank-note, by an additional bill circulation, as was the case in Lancashire for a very considerable time.

If a general rise in the rate of wages, for example, of 100 per cent, as Citizen Weston supposed it to take place in agricultural wages, would produce a great rise in the prices of necessaries, and, according to his views, require an additional amount of currency not to be procured, a *general fall in wages* must produce the same effect, on the same scale, in an opposite direction. Well! All of you know that the years 1858 to 1860 were the most prosperous years for the cotton industry, and that peculiarly the year 1860 stands in that respect unrivalled in the annals of commerce, while at the same time all other branches of industry were most flourishing. The wages of the cotton operatives and of all the other working men connected with their trade stood, in 1860, higher than ever before. The American crisis came, and those aggregate wages were suddenly reduced to about one fourth of their former amount. This would have been in the opposite direction a rise of 400 per cent. If wages rise from five to twenty, we say that they rise by 300 per cent; if they fall from twenty to five, we say that they fall by 75 per cent but the amount of rise in the one and the amount of fall in the other case would be the same, namely, fifteen shillings. This, then, was a sudden change in the rate of wages unprecedented, and at the same time extending over a number of operatives which, if we count all the operatives not only directly engaged in but indirectly dependent upon the cotton trade, was larger by one half than the number of agricultural labourers. Did the price of wheat fall? It *rose* from the annual average of 47s. 8d. per quarter during the three years of 1858-60 to the annual average 55s. 10d. per quarter during the three years 1861-63. As to the currency, there were coined in the mint in 1861 £8,673,232, against £3,378,102 in 1860. That is to say, there were coined £5,295,130 more in 1861 than in 1860. It is true the bank-note circulation was in 1861 less by £1,319,000 than in 1860. Take this off. There remains still an overplus of currency for the year 1861, as compared with the prosperity year, 1860, to the amount of £3,976,130, of about £4,000,000; but the bullion reserve in the Bank of England had

simultaneously decreased, not quite in the same, but in an approximating proportion.

Compare the year 1862 with 1842. Apart from the immense increase in the value and amount of commodities circulated, in 1862 the capital paid in regular transactions for shares, loans, etc., for the railways in England and Wales amounted alone to £320,000,000, a sum that would have appeared fabulous in 1842. Still, the aggregate amounts of currency in 1862 and 1842 were pretty nearly equal, and generally you will find a tendency to a progressive diminution of currency in the face of an enormously increasing value, not only of commodities, but of monetary transactions generally. From our friend Weston's standpoint this is an unsolvable riddle.

Looking somewhat deeper into this matter, he would have found that, quite apart from wages, and supposing them to be fixed, the value and mass of the commodities to be circulated, and generally the amount of monetary transactions to be settled, vary daily; that the amount of bank-notes issued varies daily; that the amount of payments realised without the intervention of any money, by the instrumentality of bills, cheques, book-credits, clearing houses, varies daily; that, as far as actual metallic currency is required, the proportion between the coin in circulation and the coin and bullion in reserve or sleeping in the cellars of banks varies daily; that the amount of bullion absorbed by the national circulation and the amount being sent abroad for international circulation vary daily. He would have found that his dogma of a fixed currency is a monstrous error, incompatible with the everyday movement. He would have inquired into the laws which enable a currency to adapt itself to circumstances so continually changing, instead of turning his misconception of the laws of currency into an argument against a rise of wages.

#### IV

##### SUPPLY AND DEMAND

OUR friend Weston accepts the Latin proverb that *repetitio est mater studiorum*, that is to say, that repetition is the mother of

study, and consequently he repeated his original dogma again under the new form, that the contraction of currency, resulting from an enhancement of wages, would produce a diminution of capital, and so forth. Having already discarded his currency crotchet, I consider it quite useless to enter upon the imaginary consequences he fancies to flow from his imaginary currency mishap. I shall proceed at once to reduce his *one and the same dogma*, repeated in so many different shapes, to its simplest theoretical expression.

The uncritical way in which he has treated his subject will become evident from one single remark. He pleads against a rise of wages or against high wages as the result of such a rise. Now, I ask him: What are high wages and what are low wages? Why constitute, for example, five shillings weekly low, and twenty shillings weekly high wages? If five is low as compared with twenty, twenty is still lower as compared with two hundred. If a man was to lecture on the thermometer, and commenced by declaiming on high and low degrees, he would impart no knowledge whatever. He must first tell me how the freezing-point is found out, and how the boiling-point, and how these standard points are settled by natural laws, not by the fancy of the sellers or makers of thermometers. Now, in regard to wages and profits, Citizen Weston has not only failed to deduce such standard points from economic laws, but he has not even felt the necessity to look after them. He satisfied himself with the acceptance of the popular slang terms of low and high as something having a fixed meaning, although it is self-evident that wages can only be said to be high or low as compared with a standard by which to measure their magnitudes.

He will be unable to tell me why a certain amount of money is given for a certain amount of labour. If he should answer me, "This was settled by the law of supply and demand," I should ask him, in the first instance, by what law supply and demand are themselves regulated. Aye, such an answer would at once put him out of court. The relations between the supply and demand of labour undergo perpetual changes, and with them the market prices of labour. If the demand overshoots the supply wages rise; if the supply overshoots the demand wages sink, although it might in such circumstances be necessary to

test the real state of demand and supply by a strike, for example, or any other method. But if you accept supply and demand as the law regulating wages, it would be as childish as useless to declaim against a rise of wages, because, according to the supreme law you appeal to, a periodical rise of wages is quite as necessary and legitimate as a periodical fall of wages. If you do *not* accept supply and demand as the law regulating wages, I again repeat the question, why a certain amount of money is given for a certain amount of labour?

But to consider matters more broadly: You would be altogether mistaken in fancying that the value of labour or any other commodity whatever is ultimately fixed by supply and demand. Supply and demand regulate nothing but the temporary *fluctuations* of market prices. They will explain to you why the market price of a commodity rises above or sinks below its *value*, but they can never account for that *value* itself. Suppose supply and demand to equilibrate, or, as the economists call it, to cover each other. Why, the very moment these opposite forces become equal they paralyse each other, and cease to work in the one or the other direction. At the moment when supply and demand equilibrate each other, and therefore cease to act, the *market price* of a commodity coincides with its *real value*, with the standard price round which its market prices oscillate. In inquiring into the nature of that *value*, we have therefore nothing at all to do with the temporary effects on market prices of supply and demand. The same holds true of wages as of the prices of all other commodities.

## V

### WAGES AND PRICES

REDUCED to their simplest theoretical expression, all our friend's arguments resolve themselves into this one single dogma: "*The prices of commodities are determined or regulated by wages.*"

I might appeal to practical observation to bear witness against this antiquated and exploded fallacy. I might tell you that the English factory operatives, miners, shipbuilders, and so forth, whose labour is relatively high-priced, undersell by the cheap-

ness of their produce all other nations; while the English agricultural labourer, for example, whose labour is relatively low-priced, is undersold by almost every other nation because of the dearness of his produce. By comparing article with article in the same country, and the commodities of different countries, I might show, apart from some exceptions more apparent than real, that on an average the high-priced labour produces the low-priced, and the low-priced labour produces the high-priced commodities. This, of course, would not prove that the high price of labour in the one, and its low price in the other instance, are the respective causes of those diametrically opposed effects, but at all events it would prove that the prices of commodities are not ruled by the prices of labour. However, it is quite superfluous for us to employ this empirical method.

It might, perhaps, be denied that Citizen Weston has put forward the dogma: "*The prices of commodities are determined or regulated by wages.*" In point of fact, he has never formulated it. He said, on the contrary, that profit and rent form also constituent parts of the prices of commodities, because it is out of the prices of commodities that not only the working man's wages, but also the capitalist's profits and the landlord's rents must be paid. But how in his idea are prices formed? First by wages. Then an additional percentage is joined to the price on behalf of the capitalist, and another additional percentage on behalf of the landlord. Suppose the wages of the labour employed in the production of a commodity to be ten. If the rate of profit was 100 per cent, to the wages advanced the capitalist would add ten, and if the rate of rent was also 100 per cent upon the wages, there would be added ten more, and the aggregate price of the commodity would amount to thirty. But such a determination of prices would be simply their determination by wages. If wages in the above case rose to twenty, the price of the commodity would rise to sixty, and so forth. Consequently all the superannuated writers on political economy who propounded the dogma that wages regulate prices, have tried to prove it by treating profit and rent *as mere additional percentages upon wages*. None of them was, of course, able to reduce the limits of those percentages to any economic law. They seem, on the contrary, to think profits settled by

tradition, custom, the will of the capitalist, or by some other equally arbitrary and inexplicable method. If they assert that they are settled by the competition between the capitalists, they say nothing. That competition is sure to equalise the different rates of profit in different trades, or reduce them to one average level, but it can never determine the level itself, or the general rate of profit.

What do we mean by saying that the prices of the commodities are determined by wages? Wages being but a name for the price of labour, we mean that the prices of commodities are regulated by the price of labour. As "price" is exchangeable value—and in speaking of value I speak always of exchangeable value—is exchangeable *value expressed in money*, the proposition comes to this, that "the *value of commodities is determined by the value of labour*," or that "the *value of labour is the general measure of value*."

But how, then, is the "value of labour" itself determined? Here we come to a standstill. Of course, to a standstill if we try reasoning logically. Yet the propounders of that doctrine make short work of logical scruples. Take our friend Weston, for example. First he told us that wages regulate the price of commodities and that consequently when wages rise prices must rise. Then he turned round to show us that a rise of wages will be no good because the prices of commodities had risen, and because wages were indeed measured by the prices of the commodities upon which they are spent. Thus we begin by saying that the value of labour determines the value of commodities, and we wind up by saying that the value of commodities determines the value of labour. Thus we move to and fro in the most vicious circle, and arrive at no conclusion at all.

On the whole, it is evident that by making the value of one commodity, say labour, corn, or any other commodity, the general measure and regulator of value, we only shift the difficulty, since we determine one value by another value, which on its side wants to be determined.

The dogma that "wages determine the price of commodities," expressed in its most abstract terms, comes to this, that "value is determined by value," and this tautology means that, in fact, we know nothing at all about value. Accepting this premise, all

reasoning about the general laws of political economy turns into mere twaddle. It was, therefore, the great merit of Ricardo that in his work *On The Principles of Political Economy*, published in 1817, he fundamentally destroyed the old, popular, and worn-out fallacy that "wages determine prices," a fallacy which Adam Smith and his French predecessors had spurned in the really scientific parts of their researches, but which, nevertheless, they reproduced in their more exoterical and vulgarising chapters.

## VI

## VALUE AND LABOUR

CITIZENS, I have now arrived at a point where I must enter upon the real development of the question. I cannot promise to do this in a very satisfactory way, because to do so I should be obliged to go over the whole field of political economy. I can, as the French would say, but *effleurer la question*, touch upon the main points.

The first question we have to put is: What is the *value* of a commodity? How is it determined?

At first sight it would seem that the value of a commodity is a thing quite *relative*, and not to be settled without considering one commodity in its relations to all other commodities. In fact, in speaking of the value, the value in exchange of a commodity, we mean the proportional quantities in which it exchanges with all other commodities. But then arises the question: How are the proportions in which commodities exchange with each other regulated?

We know from experience that these proportions vary infinitely. Taking one single commodity, wheat, for instance, we shall find that a quarter of wheat exchanges in almost countless variations of proportion with different commodities. Yet, *its value remaining always the same*, whether expressed in silk, gold, or any other commodity, it must be something distinct from, and independent of, these *different rates of exchange* with different articles. It must be possible to express, in a very different form, these various equations with various commodities.

Besides, if I say a quarter of wheat exchanges with iron in a certain proportion, or the value of a quarter of wheat is expressed in a certain amount of iron, I say that the value of wheat and its equivalent in iron are equal to *some third thing*, which is neither wheat nor iron, because I suppose them to express the same magnitude in two different shapes. Either of them, the wheat or the iron, must, therefore, independently of the other, be reducible to this third thing which is their common measure.

To elucidate this point I shall recur to a very simple geometrical illustration. In comparing the areas of triangles of all possible forms and magnitudes, or comparing triangles with rectangles, or any other rectilinear figure, how do we proceed? We reduce the area of any triangle whatever to an expression quite different from its visible form. Having found from the nature of the triangle that its area is equal to half the product of its base by its height, we can then compare the different values of all sorts of triangles, and of all rectilinear figures whatever, because all of them may be resolved into a certain number of triangles.

The same mode of procedure must obtain with the values of commodities. We must be able to reduce all of them to an expression common to all, and distinguishing them only by the proportions in which they contain that same and identical measure.

As the *exchangeable values* of commodities are only *social functions* of those things, and have nothing at all to do with the *natural* qualities, we must first ask: What is the common *social substance* of all commodities? It is *labour*. To produce a commodity a certain amount of labour must be bestowed upon it, or worked up in it. And I say not only *labour*, but *social labour*. A man who produces an article for his own immediate use, to consume it himself, creates a *product*, but not a *commodity*. As a self-sustaining producer he has nothing to do with society. But to produce a *commodity*, a man must not only produce an article satisfying some *social* want, but his labour itself must form part and parcel of the total sum of labour expended by society. It must be subordinate to the *division of labour within society*. It is nothing without the *other*

division of labour, and on its part is required to *integrate* them.

If we consider *commodities as values*, we consider them exclusively under the single aspect of *realised, fixed*, or, if you like, *crystallised social labour*. In this respect they can *differ* only by representing greater or smaller quantities of labour, as, for example, a greater amount of labour may be worked up in a silken handkerchief than in a brick. But how does one measure *quantities of labour*? By the *time the labour lasts*, in measuring the labour by the hour, the day, etc. Of course, to apply this measure, all sorts of labour are reduced to average or simple labour as their unit.

We arrive, therefore, at this conclusion. A commodity has a *value*, because it is a *crystallisation of social labour*. The *greatness* of its value, or its *relative* value, depends upon the greater or less amount of that social substance contained in it; that is to say, on the relative mass of labour necessary for its production. The *relative values of commodities* are, therefore, determined by the *respective quantities or amounts of labour, worked up, realised, fixed in them*. The *correlative* quantities of commodities which can be produced in the *same time of labour* are *equal*. Or the value of one commodity is to the value of another commodity as the quantity of labour fixed in the one is to the quantity of labour fixed in the other.

I suspect that many of you will ask: Does then, indeed, there exist such a vast, or any difference whatever, between determining of values of commodities by *wages*, and determining them by the *relative quantities of labour* necessary for their production? You must, however, be aware that the *reward* for labour, and *quantity* of labour, are quite disparate things. Suppose, for example, *equal quantities of labour* to be fixed in one quarter of wheat and one ounce of gold. I resort to the example because it was used by Benjamin Franklin in his first essay published in 1721, and entitled: *A Modest Enquiry into the Nature and Necessity of a Paper Currency*, where he, one of the first, hit upon the true nature of value. Well. We suppose, then, that one quarter of wheat and one ounce of gold are *equal values* or *equivalents*, because they are *crystallisations of equal amounts of average labour*, of so many days' or so many weeks' labour respectively fixed in them. In thus determining the rela-

tive values of gold and corn, do we refer in any way whatever to the *wages* of the agricultural labourer and the miner? Not a bit. We leave it quite *indeterminate* how their day's or week's labour was paid, or even whether wages labour was employed at all. If it was, wages may have been very unequal. The labourer whose labour is realised in the quarter of wheat may receive two bushels only, and the labourer employed in mining may receive one half of the ounce of gold. Or, supposing their wages to be equal, they may deviate in all possible proportions from the values of the commodities produced by them. They may amount to one half, one third, one fourth, one fifth, or any other proportional part of the one quarter of corn or the one ounce of gold. Their *wages* can, of course, not *exceed*, not be more than the values of the commodities they produced, but they can be *less* in every possible degree. Their *wages* will be *limited* by the *values* of the products, but the *values of their products* will not be limited by the wages. And above all, the values, the relative values of corn and gold, for example, will have been settled without any regard whatever to the value of the labour employed, that is to say, to *wages*. To determine the values of commodities by the *relative quantities of labour fixed in them*, is, therefore, a thing quite different from the tautological method of determining the values of commodities by the value of labour, or by wages. This point, however, will be further elucidated in the progress of our inquiry.

In calculating the exchangeable value of a commodity we must add to the quantity of labour *last* employed the quantity of labour *previously* worked up in the raw material of the commodity, and the labour bestowed on the implements, tools, machinery, and buildings, with which such labour is assisted. For example, the value of a certain amount of cotton yarn is the crystallisation of the quantity of labour added to the cotton during the spinning process, the quantity of labour previously realised in the cotton, itself, the quantity of labour realised in the coal, oil, and other auxiliary matter used, the quantity of labour fixed in the steam-engine, the spindles, the factory building, and so forth. Instruments of production properly so-called, such as tools, machinery, buildings, serve again and again for a longer or shorter period during repeated processes of produc-

tion. If they were used up at once, like the raw material, their whole value would at once be transferred to the commodities they assist in producing. But as a spindle, for example, is but gradually used up, an average calculation is made, based upon the average time it lasts, and its average waste or wear and tear during a certain period, say a day. In this way we calculate how much of the value of the spindle is transferred to the yarn daily spun, and how much, therefore, of the total amount of labour realised in a pound of yarn, for example, is due to the quantity of labour previously realised in the spindle. For our present purpose it is not necessary to dwell any longer upon this point.

It might seem that if the value of a commodity is determined by the *quantity of labour bestowed upon its production*, the lazier a man, or the clumsier a man, the more valuable his commodity, because the greater the time of labour required for finishing the commodity. This, however, would be a sad mistake. You will recollect that I used the word "*social labour*," and many points are involved in this qualification of "*social*." In saying that the value of a commodity is determined by the *quantity of labour* worked up or crystallised in it, we mean *the quantity of labour necessary* for its production in a given state of society, under certain social average conditions of production, with a given social average intensity, and average skill of the labour employed. When, in England, the power-loom came to compete with the hand-loom, only one-half the former time of labour was wanted to convert a given amount of yarn into a yard of cotton or cloth. The poor hand-loom weaver now worked seventeen and eighteen hours daily, instead of the nine or ten hours he had worked before. Still the product of twenty hours of his labour represented now only ten social hours of labour, or ten hours of labour socially necessary for the conversion of a certain amount of yarn into textile stuffs. His product of twenty hours had, therefore, no more value than his former product of ten hours.

If then the quantity of socially necessary labour realised in commodities regulates their exchangeable values, every increase in the quantity of labour wanted for the production of a com-

modity must augment its value, as every diminution must lower it.

If the respective quantities of labour necessary for the production of the respective commodities remained constant, their relative values also would be constant. But such is not the case. The quantity of labour necessary for the production of a commodity changes continuously with the changes in the productive powers of the labour employed. The greater the productive powers of labour, the more produce is finished in a given time of labour; and the smaller the productive powers of labour, the less produce is finished in the same time. If, for example, in the progress of population it should become necessary to cultivate less fertile soils, the same amount of produce would be only attainable by a greater amount of labour spent, and the value of agricultural produce would consequently rise. On the other hand, if with the modern means of production, a single spinner converts into yarn, during one working day, many thousand times the amount of cotton which he could have spun during the same time with the spinning wheel, it is evident that every single pound of cotton will absorb many thousand times less of spinning labour than it did before, and, consequently, the value added by spinning to every single pound of cotton will be a thousand times less than before. The value of yarn will sink accordingly.

Apart from the different natural energies and acquired working abilities of different peoples, the productive powers of labour must principally depend:

Firstly. Upon the *natural* conditions of labour, such as fertility of soil, mines, and so forth.

Secondly. Upon the progressive improvement of the *social powers of labour*, such as are derived from production on a grand scale, concentration of capital and combination of labour, subdivision of labour, machinery, improved methods, appliance of chemical and other natural agencies, shortening of time and space by means of communication and transport, and every other contrivance by which science presses natural agencies into the service of labour; and by which the social or co-operative character of labour is developed. The greater the productive powers of labour, the less labour is bestowed upon a given

amount of produce; hence the smaller the value of this produce. The smaller the productive powers of labour, the more labour is bestowed upon the same amount of produce; hence the greater its value. As a general law we may, therefore, set it down that:

*The values of commodities are directly as the times of labour employed in their production, and are inversely as the productive powers of the labour employed.*

Having till now only spoken of *value*, I shall add a few words about *price*, which is a peculiar form assumed by value.

Price, taken by itself, is nothing but the *monetary expression of value*. The values of all commodities of this country, for example, are expressed in gold prices, while on the Continent they are mainly expressed in silver prices. The value of gold or silver, like that of all other commodities, is regulated by the quantity of labour necessary for getting them. You exchange a certain amount of your national products, in which a certain amount of your national labour is crystallised, for the produce of the gold and silver producing countries, in which a certain quantity of *their* labour is crystallised. It is in this way, in fact by barter, that you learn to express in gold and silver the values of all commodities, that is the respective quantities of labour bestowed upon them. Looking somewhat closer into *the monetary expression of value*, or what comes to the same, the *conversion of value into price*, you will find that it is a process by which you give to the *values* of all commodities an *independent and homogeneous form*, or by which you express them as quantities of *equal* social labour. So far as it is but the monetary expression of value, price has been called *natural price* by Adam Smith, *prix nécessaire* by the French physiocrats.

What then is the relation between *value* and *market prices*, or between *natural prices* and *market prices*? You all know that the *market price* is the *same* for all commodities of the same kind, however the conditions of production may differ for the individual producers. The market price expresses only the *average amount of social labour* necessary, under the average conditions of production, to supply the market with a certain mass of a certain article. It is calculated upon the whole lot of a commodity or a certain description.

So far the *market price* of a commodity coincides with its *value*. On the other hand, the oscillations of market prices, rising now over, sinking now under the value or natural price, depend upon the fluctuations of supply and demand. The deviations of market prices from values are continual, but as Adam Smith says: "The natural price is the central price to which the prices of commodities are continually gravitating. Different accidents may sometimes keep them suspended a good deal above it, and sometimes force them down even somewhat below it. But whatever may be the obstacles which hinder them from settling in this centre of repose and continuance, they are constantly tending towards it."

I cannot now sift this matter. It suffices to say that *if* supply and demand equilibrate each other, the market prices of commodities will correspond with their natural prices, that is to say with their values, as determined by the respective quantities of labour required for their production. But supply and demand *must* constantly tend to equilibrate each other, although they do so only by compensating one fluctuation by another, a rise by a fall, and *vice versa*. If instead of considering only the daily fluctuations you analyse the movement of market prices for longer periods, as Mr. Tooke, for example, has done in his *History of Prices*, you will find that the fluctuations of market prices, their deviations from values, their ups and downs, paralyse and compensate each other; so that apart from the effect of monopolies and some other modifications I must now pass by, all descriptions of commodities are, on the average, sold at their respective *values* or natural prices. The average periods during which the fluctuations of market prices compensate each other are different for different kinds of commodities, because with one kind it is easier to adapt supply to demand than with the other.

If then, speaking broadly, and embracing somewhat longer periods, all descriptions of commodities sell at their respective values, it is nonsense to suppose that profit, not in individual cases, but that the constant and usual profits of different trades spring from surcharging the prices of commodities or selling them at a price over and above their *value*. The absurdity of this notion becomes evident if it is generalised. What a man

would constantly win as a seller he would as constantly lose as a purchaser. It would not do to say that there are men who are buyers without being sellers, or consumers without being producers. What these people pay to the producers, they must first get from them for nothing. If a man first takes your money and afterwards returns that money in buying your commodities, you will never enrich yourselves by selling your commodities too dear to that same man. This sort of transaction might diminish a loss, but would never help in realising a profit.

To explain, therefore, the *general nature of profits*, you must start from the theorem that, on an average, commodities are *sold at their real values*, and that *profits are derived from selling them at their values*, that is, in proportion to the quantity of labour realised in them. If you cannot explain profit upon this supposition, you cannot explain it at all. This seems paradox and contrary to everyday observation. It is also paradox that the earth moves round the sun, and that water consists of two highly inflammable gases. Scientific truth is always paradox, if judged by everyday experience, which catches only the delusive appearance of things.

## VII

### LABOURING POWER<sup>1</sup>

HAVING now, as far as it could be done in such a cursory manner, analysed the nature of *Value*, of the *Value of any commodity whatever*, we must turn our attention to the specific *Value of Labour*. And here, again, I must startle you by a seeming paradox. All of you feel sure that what they daily sell is their Labour; that, therefore, Labour has a Price, and that, the price of a commodity being only the monetary expression of its value, there must certainly exist such a thing as the *Value of Labour*. However, there exists no such thing as the *Value of Labour* in the common acceptance of the word. We have seen that the amount of necessary labour crystallised in a commodity constitutes its value. Now, applying this notion of value, how could we define, say, the value of a ten hours' working day?

<sup>1</sup> "Labour Power" in the English translation of *Capital*.

How much labour is contained in that day? Ten hours' labour. To say that the value of a ten hours' working day is equal to ten hours' labour, or the quantity of labour contained in it, would be a tautological and, moreover, a nonsensical expression. Of course, having once found out the true but hidden sense of the expression "*Value of Labour*," we shall be able to interpret this irrational, and seemingly impossible application of value, in the same way that, having once made sure of the real movement of the celestial bodies, we shall be able to explain their apparent or merely phenomenal movements.

What the working man sells is not directly his *Labour*, but his *Labouring Power*, the temporary disposal of which he makes over to the capitalist. This is so much the case that I do not know whether by the English laws, but certainly by some Continental laws, the *maximum time* is fixed for which a man is allowed to sell his labouring power. If allowed to do so for any indefinite period whatever, slavery would be immediately restored. Such a sale, if it comprised his lifetime, for example, would make him at once the lifelong slave of his employer.

One of the oldest economists and most original philosophers of England—Thomas Hobbes—has already, in his *Leviathan*, instinctively hit upon this point overlooked by all his successors. He says: "*The value or worth of a man is, as in all other things, his price: that is so much as would be given for the Use of his Power.*"

Proceeding from this basis, we shall be able to determine the *Value of Labour* as that of all other commodities.

But before doing so, we might ask, how does this strange phenomenon arise, that we find on the market a set of buyers, possessed of land, machinery, raw material, and the means of life, all of them, save land in its crude state, the *products of labour*, and on the other hand, a set of sellers who have nothing to sell except their labouring power, their working arms and brains? That the one set buys continually in order to make a profit and enrich themselves, while the other set continually sells in order to earn their livelihood? The inquiry into this question would be an inquiry into what the economists call "*Previous, or Original Accumulation*," but which ought to be called *Original Expropriation*. We should find that this so-

called *Original Accumulation* means nothing but a series of historical processes, resulting in a *Decomposition of the Original Union* existing between the Labouring Man and his Means of Labour. Such an inquiry, however, lies beyond the pale of my present subject. The *Separation* between the Man of Labour and the Means of Labour once established, such a state of things will maintain itself and reproduce itself upon a constantly increasing scale, until a new and fundamental revolution in the mode of production should again overturn it, and restore the original union in a new historical form.

What, then, is the *Value of Labouring Power*?

Like that of every other commodity, its value is determined by the quantity of labour necessary to produce it. The labouring power of a man exists only in his living individuality. A certain mass of necessaries must be consumed by a man to grow up and maintain his life. But the man, like the machine, will wear out, and must be replaced by another man. Beside the mass of necessaries required for *his own* maintenance, he wants another amount of necessaries to bring up a certain quota of children that are to replace him on the labour market and to perpetuate the race of labourers. Moreover, to develop his labouring power, and acquire a given skill, another amount of values must be spent. For our purpose it suffices to consider only average labour, the costs of whose education and development are vanishing magnitudes. Still I must seize upon this occasion to state that, as the costs of producing labouring powers of different quality do differ, so must differ the values of the labouring powers employed in different trades. The cry for an *equality of wages* rests, therefore, upon a mistake, is an inane wish never to be fulfilled. It is an offspring of that false and superficial radicalism that accepts premises and tries to evade conclusions. Upon the basis of the wages system the value of labouring power is settled like that of every other commodity; and as different kinds of labouring power have different values, or require different quantities of labour for their production, they *must* fetch different prices in the labour market. To clamour for *equal or even equitable retribution* on the basis of the wages system is the same as to clamour for *freedom* on the basis of the slavery system. What you think

just or equitable is out of the question. The question is: What is necessary and unavoidable with a given system of production?

After what has been said, the *value of labouring power* is determined by the *value of the necessaries* required to produce, develop, maintain, and perpetuate the labouring power.

## VIII

### PRODUCTION OF SURPLUS VALUE

Now suppose that the average amount of the daily necessaries of a labouring man require *six hours of average labour* for their production. Suppose, moreover, six hours of average labour to be also realised in a quantity of gold equal to 3s. Then 3s. would be the *Price*, or the monetary expression of the *Daily Value* of that man's *Labouring Power*. If he worked daily six hours he would daily produce a value sufficient to buy the average amount of his daily necessaries, or to maintain himself as a labouring man.

But our man is a wages labourer. He must, therefore, sell his labouring power to a capitalist. If he sells it at 3s. daily, or 18s. weekly, he sells it at its value. Suppose him to be a spinner. If he works six hours daily he will add to the cotton a value of 3s. daily. This value, daily added by him, would be an exact equivalent for the wages, or the price of his labouring power, received daily. But in that case no *surplus value* or *surplus produce* whatever would go to the capitalist. Here, then, we come to the rub.

In buying the labouring power of the workman, and paying its value, the capitalist, like every other purchaser, has acquired the right to consume or use the commodity bought. You consume or use the labouring power of a man by making him work, as you consume or use a machine by making it run. By paying the daily or weekly value of the labouring power of the workman, the capitalist has, therefore, acquired the right to use or make that labouring power work during the *whole day or week*. The working day or the working week has, of course, certain limits, but those we shall afterwards look more closely at.

For the present I want to turn your attention to one decisive point.

The *value* of the labouring power is determined by the quantity of labour necessary to maintain or reproduce it, but the *use* of that labouring power is only limited by the active energies and physical strength of the labourer. The daily or weekly *value* of the labouring power is quite distinct from the daily or weekly exercise of that power, the same as the food a horse wants and the time it can carry the horseman are quite distinct. The quantity of labour by which the *value* of the workman's labouring power is limited forms by no means a limit to the quantity of labour which his labouring power is apt to perform. Take the example of our spinner. We have seen that, to daily reproduce his labouring power, he must daily reproduce a value of three shillings, which he will do by working six hours daily. But this does not disable him from working ten or twelve or more hours a day. But by paying the daily or weekly *value* of the spinner's labouring power the capitalist has acquired the right of using that labouring power during the *whole day or week*. He will, therefore, make him work daily, say, *twelve* hours. *Over and above* the six hours required to replace his wages, or the value of his labouring power, he will, therefore, have to work *six other hours*, which I shall call hours of *surplus labour*, which surplus labour will realise itself in a *surplus value* and a *surplus produce*. If our spinner, for example, by his daily labour of six hours, added three shillings' value to the cotton, a value forming an exact equivalent to his wages, he will, in twelve hours, add six shillings' worth to the cotton, and produce a *proportional surplus of yarn*. As he has sold his labouring power to the capitalist, the whole value or produce created by him belongs to the capitalist, the owner *pro tem.* of his labouring power. By advancing three shillings, the capitalist will, therefore, realise a value of six shillings, because, advancing a value in which six hours of labour are crystallised, he will receive in return a value in which twelve hours of labour are crystallised. By repeating this same process daily, the capitalist will daily advance three shillings and daily pocket six shillings, one half of which will go to pay wages anew, and the other half of which will form the *surplus value*, for which

the capitalist pays no equivalent. It is this *sort of exchange between capital and labour* upon which capitalistic production, or the wages system, is founded, and which must constantly result in reproducing the working man as a working man, and the capitalist as a capitalist.

*The rate of surplus value*, all other circumstances remaining the same, will depend on the proportion between that part of the working day necessary to reproduce the value of the labouring power and the *surplus time* or *surplus labour* performed for the capitalist. It will, therefore, depend on the *ratio in which the working day is prolonged over and above that extent*, by working which the working man would only reproduce the value of his labouring power, or replace his wages.

## IX

### VALUE OF LABOUR

WE must now return to the expression, "*Value, or Price of Labour.*"

We have seen that, in fact, it is only the value of the labouring power, measured by the values of commodities necessary for its maintenance. But since the workman receives his wages *after* his labour is performed, and knows, moreover, that what he actually gives to the capitalist is his labour, the value or price of his labouring power necessarily appears to him as the *price or value of his labour itself*. If the price of his labouring power is three shillings, in which six hours of labour are realised, and if he works twelve hours, he necessarily considers these three shillings as the value or price of twelve hours of labour, although these twelve hours of labour realise themselves in a value of six shillings. A double consequence flows from this.

Firstly. *The value or price of the labouring power* takes the semblance of the *price or value of labour itself*, although, strictly speaking, value and price of labour are senseless terms.

Secondly. Although one part only of the workman's daily labour is *paid*, while the other part is *unpaid*, and while that unpaid or surplus labour constitutes exactly the fund out of

which *surplus value* or *profit* is formed, it seems as if the aggregate labour was paid labour.

This false appearance distinguishes *wages labour* from other *historical* forms of labour. On the basis of the wages system even the *unpaid* labour seems to be *paid* labour. With the *slave*, on the contrary, even that part of his labour which is paid appears to be unpaid. Of course, in order to work the slave must live, and one part of his working day goes to replace the value of his own maintenance. But since no bargain is struck between him and his master, and no acts of selling and buying are going on between the two parties, all his labour seems to be given away for nothing.

Take, on the other hand, the peasant serf, such as he, I might say, until yesterday existed in the whole east of Europe. This peasant worked, for example, three days for himself on his own field or the field allotted to him, and the three subsequent days he performed compulsory and gratuitous labour on the estate of his lord. Here, then, the paid and unpaid parts of labour were visibly separated, separated in time and space; and our Liberals overflowed with moral indignation at the preposterous notion of making a man work for nothing.

In point of fact, however, whether a man works three days of the week for himself on his own field and three days for nothing on the estate of his lord, or whether he works in the factory or the workshop six hours daily for himself and six for his employer, comes to the same, although in the latter case the paid and unpaid portions of labour are inseparably mixed up with each other, and the nature of the whole transaction is completely masked by the *intervention of a contract* and the *pay* received at the end of the week. The gratuitous labour appears to be voluntarily given in the one instance, and to be compulsory in the other. That makes all the difference.

In using the word "*value of labour*," I shall only use it as a popular slang term for "*value of labouring power*."

## X

## PROFIT IS MADE BY SELLING A COMMODITY AT ITS VALUE

SUPPOSE an average hour of labour to be realised in a value equal to sixpence, or twelve average hours of labour to be realised in six shillings. Suppose, further, the value of labour to be three shillings or the produce of six hours' labour. If, then, in the raw material, machinery, and so forth, used up in a commodity, twenty-four average hours of labour were realised, its value would amount to twelve shillings. If, moreover, the workman employed by the capitalist added twelve hours of labour to those means of production, these twelve hours would be realised in an additional value of six shillings. The *total value of the product* would, therefore, amount to thirty-six hours of realised labour, and be equal to eighteen shillings. But as the value of labour, or the wages paid to the workman, would be three shillings only, no equivalent would have been paid by the capitalist for the six hours of surplus labour worked by the workman, and realised in the value of the commodity. By selling this commodity at its value for eighteen shillings, the capitalist would, therefore, realise a value of three shillings, for which he had paid no equivalent. These three shillings would constitute the surplus value or profit pocketed by him. The capitalist would consequently realise the profit of three shillings, not by selling his commodity at a price *over and above* its value, but by selling it *at its real value*.

The value of a commodity is determined by the *total quantity of labour* contained in it. But part of that quantity of labour is realised in a value, for which an equivalent has been paid in the form of wages; part of it is realised in a value for which *no* equivalent has been paid. Part of the labour contained in the commodity is *paid* labour; part is *unpaid* labour. By selling, therefore, the commodity *at its value*, that is, as the crystallisation of the *total quantity of labour* bestowed upon it, the capitalist must necessarily sell it at a profit. He sells not only what has cost him an equivalent, but he sells also what has cost him nothing, although it has cost the labour of his workman. The cost of the commodity to the capitalist and its real cost are

different things. I repeat, therefore, that normal and average profits are made by selling commodities not *above*, but *at their real values*.

## XI

## THE DIFFERENT PARTS INTO WHICH SURPLUS VALUE IS DECOMPOSED

THE *surplus value*, or that part of the total value of the commodity in which the *surplus labour* or *unpaid labour* of the working man is realised, I call *Profit*. The whole of that profit is not pocketed by the employing capitalist. The monopoly of land enables the landlord to take one part of that *surplus value*, under the name of *rent*, whether the land is used for agriculture or buildings or railways, or for any other productive purpose. On the other hand, the very fact that the possession of the *means of labour* enables the employing capitalist to produce a *surplus value*, or, what comes to the same, to *appropriate to himself a certain amount of unpaid labour*, enables the owner of the means of labour, which he lends wholly or partly to the employing capitalist—enables, in one word, the *money-lending capitalist* to claim for himself under the name of *interest* another part of that surplus value, so that there remains to the employing capitalist *as such* only what is called *industrial* or *commercial profit*.

By what laws this division of the total amount of surplus value amongst the three categories of people is regulated is a question quite foreign to our subject. This much, however, results from what has been stated.

*Rent, Interest, and Industrial Profit* are only *different names for different parts of the surplus value* of the commodity, or the *unpaid labour realised in it*, and they are *equally derived from this source, and from this source alone*. They are not derived from *land* as such nor from *capital* as such, but land and capital enable their owners to get their respective shares out of the surplus value extracted by the employing capitalist from the labourer. For the labourer himself it is a matter of subordinate importance whether that surplus value, the result of his

surplus labour, or unpaid labour, is altogether pocketed by the employing capitalist, or whether the latter is obliged to pay portions of it, under the names of rent and interest, away to third parties. Suppose the employing capitalist to use only his own capital and to be his own landlord, then the whole surplus value would go into his pocket.

It is the employing capitalist who immediately extracts from the labourer this surplus value, whatever part of it he may ultimately be able to keep for himself. Upon this relation, therefore, between the employing capitalist and the wages labourer the whole wages system and the whole present system of production hinge. Some of the citizens who took part in our debate were, therefore, wrong in trying to mince matters, and to treat this fundamental relation between the employing capitalist and the working man as a secondary question, although they were right in stating that, under given circumstances, a rise of prices might affect in very unequal degrees the employing capitalist, the landlord, the moneyed capitalist, and, if you please, the tax-gatherer.

Another consequence follows from what has been stated.

That part of the value of the commodity which represents only the value of the raw materials, the machinery, in one word, the value of the means of production used up, forms *no revenue* at all, but replaces *only capital*. But, apart from this, it is false that the other part of the value of the commodity *which forms revenue*, or may be spent in the form of wages, profits, rent, interest, is *constituted* by the value of wages, the value of rent, the value of profit, and so forth. We shall, in the first instance, discard wages, and only treat industrial profits, interest, and rent. We have just seen that the *surplus value* contained in the commodity, or that part of its value in which *unpaid labour* is realised, resolves itself into different fractions, bearing three different names. But it would be quite the reverse of the truth to say that its value is *composed of*, or *formed by*, the *addition of the independent values of these three constituents*.

If one hour of labour realises itself in a value of sixpence, if the working day of the labourer comprises twelve hours, if half of this time is unpaid labour, that surplus labour will add to the commodity a *surplus value* of three shillings, that is of

value for which no equivalent has been paid. This surplus value of three shillings constitutes the *whole fund* which the employing capitalist may divide, in whatever proportions, with the landlord and the money-lender. The value of these three shillings constitutes the limit of the value they have to divide amongst them. But it is not the employing capitalist who adds to the value of the commodity an arbitrary value for his profit, to which another value is added for the landlord, and so forth, so that the addition of these arbitrarily fixed values would constitute the total value. You see, therefore, the fallacy of the popular notion, which confounds the *decomposition* of a *given value* into three parts, with the *formation* of that value by the addition of three *independent* values, thus converting the aggregate value, from which rent, profit, and interest are derived, into an arbitrary magnitude.

If the total profit realised by a capitalist be equal to £100, we call this sum, considered as absolute magnitude, the *amount of profit*. But if we calculate the ratio which those £100 bear to the capital advanced, we call this *relative* magnitude, the *rate of profit*. It is evident that this rate of profit may be expressed in a double way.

Suppose £100 to be the capital *advanced in wages*. If the surplus value created is also £100—and this would show us that half the working day of the labourer consists of *unpaid labour*—and if we measured this profit by the value of the capital advanced in wages, we should say that the *rate of profit* amounted to one hundred per cent, because the value advanced would be one hundred and the value realised would be two hundred.

If, on the other hand, we should not only consider the *capital advanced in wages*, but the *total capital* advanced, say, for example, £500, of which £400 represented the value of raw materials, machinery, and so forth, we should say that the *rate of profit* amounted only to twenty per cent, because the profit of one hundred would be but the fifth part of the *total capital* advanced.

The first mode of expressing the rate of profit is the only one which shows you the real ratio between paid and unpaid labour, the real degree of the *exploitation* (you must allow

me this French word) of *labour*. The other mode of expression is that in common use, and is, indeed, appropriate for certain purposes. At all events, it is very useful for concealing the degree in which the capitalist extracts gratuitous labour from the workman.

In the remarks I have still to make I shall use the word *Profit* for the whole amount of the surplus value extracted by the capitalist without any regard to the division of that surplus value between different parties, and in using the words *Rate of Profit*, I shall always measure profits by the value of the capital advanced in wages.

## XII

### GENERAL RELATION OF PROFITS, WAGES AND PRICES

DEDUCT from the value of a commodity the value replacing the value of the raw materials, and other means of production used upon it, that is to say, deduct the value representing the *past* labour contained in it, and the remainder of its value will resolve into the quantity of labour added by the working man *last* employed. If that working man works twelve hours daily, if twelve hours of average labour crystallise themselves in an amount of gold equal to six shillings, this additional value of six shillings is the *only* value his labour will have created. This given value, determined by the time of his labour, is the only fund from which both he and the capitalist have to draw their respective shares or dividends, the only value to be divided into wages and profits. It is evident that this value itself will not be altered by the variable proportions in which it may be divided amongst the two parties. There will also be nothing changed if in the place of one working man you put the whole working population, twelve million working days, for example, instead of one.

Since the capitalist and workman have only to divide this limited value, that is, the value measured by the total labour of the working man, the more the one gets the less will the other get, and *vice versa*. Whenever a quantity is given, one part of it will increase inversely as the other decreases. If the wages

change, profits will change in an opposite direction. If wages fall, profits will rise; and if wages rise, profits will fall. If the working man, on our former supposition gets three shillings, equal to one half of the value he has created, or if his whole working day consists half of paid, half of unpaid labour, the *rate of profit* will be 100 per cent because the capitalist would also get three shillings. If the working man receives only two shillings or works only one third of the whole day for himself, the capitalist will get four shillings, and the rate of profit will be 200 per cent. If the working man receives four shillings, the capitalist will only receive two, and the rate of profit would sink to 50 per cent, but all these variations will not affect the value of the commodity. A general rise of wages would, therefore, result in a fall of the general rate of profit, but not affect values. But although the values of commodities, which must ultimately regulate their market prices, are exclusively determined by the total quantities of labour fixed in them, and not by the division of that quantity into paid and unpaid labour, it by no means follows that the values of the single commodities, or lots of commodities, produced during twelve hours, for example, will remain constant. The *number* or mass of commodities produced in a given time of labour, or by a given quantity of labour, depends upon the *productive power* of the labour employed, and not upon its *extent* or length. With one degree of the productive power of spinning labour, for example, a working day of twelve hours may produce twelve pounds of yarn, with a lesser degree of productive power only two pounds. If then twelve hours' average labour were realised in the value of six shillings in the one case, the twelve pounds of yarn would cost six shillings, in the the other case the two pounds of yarn would also cost six shillings. One pound of yarn would, therefore, cost sixpence in the one case, and three shillings in the other. This difference of price would result from the difference in the productive powers of labour employed. One hour of labour would be realised in one pound of yarn with the greater productive power, while with the smaller productive power, six hours of labour would be realised in one pound of yarn. The price of a pound of yarn would, in the one instance, be only sixpence, although wages were relatively

high and the rate of profit low; it would be three shillings in the other instance, although wages were low and the rate of profit high. This would be so because the price of the pound of yarn is regulated by the *total amount of labour worked up in it*, and not by the *proportional division of that total amount into paid and unpaid labour*. The fact I have before mentioned that high-priced labour may produce cheap, and low-priced labour may produce dear commodities, loses, therefore, its paradoxical appearance. It is only the expression of the general law that the value of a commodity is regulated by the quantity of labour worked up in it, but that quantity of labour worked up in it depends altogether upon the productive powers of the labour employed, and will, therefore, vary with every variation in the productivity of labour.

### XIII

#### MAIN CASES OF ATTEMPTS AT RAISING WAGES OR RESISTING THEIR FALL

LET us now seriously consider the main cases in which a rise of wages is attempted or a reduction of wages resisted.

1. We have seen that the *value of the labouring power*, or in more popular parlance, the *value of labour*, is determined by the value of necessaries, or the quantity of labour required to produce them. If, then, in a given country the value of the daily average necessaries of the labourer represented six hours of labour expressed in three shillings, the labourer would have to work six hours daily to produce an equivalent for his daily maintenance. If the whole working day was twelve hours, the capitalist would pay him the value of his labour by paying him three shillings. Half the working day would be unpaid labour, and the rate of profit would amount to 100 per cent. But now suppose that, consequent upon a decrease of productivity, more labour should be wanted to produce, say, the same amount of agricultural produce, so that the price of the average daily necessaries should rise from three to four shillings. In that case the *value* of labour would rise by one third, or  $33\frac{1}{3}$  per cent. Eight hours of the working day would be required to

produce an equivalent for the daily maintenance of the labourer, according to his old standard of living. The surplus labour would therefore sink from six hours to four, and the rate of profit from 100 to 50 per cent. But in insisting upon a rise of wages, the labourer would only insist upon getting the *increased value of his labour*, like every other seller of a commodity, who, the costs of his commodities having increased, tries to get its increased value paid. If wages did not rise, or not sufficiently rise, to compensate for the increased values of necessaries, the *price* of labour would sink *below the value of labour*, and the labourer's standard of life would deteriorate.

But a change might also take place in an opposite direction. By virtue of the increased productivity of labour, the same amount of the average daily necessaries might sink from three to two shillings, or only four hours out of the working day, instead of six, be wanted to reproduce an equivalent for the value of the daily necessaries. The working man would now be able to buy with two shillings as many necessaries as he *did* before with three shillings. Indeed, the *value of labour* would have sunk, but that diminished value would command the *same* amount of commodities as before. Then profits would rise from three to four shillings, and the rate of profit from 100 to 200 per cent. Although the labourer's absolute standard of life would have remained the same, his *relative* wages, and therewith his *relative social position*, as compared with that of the capitalist, would have been lowered. If the working man should resist that reduction of relative wages, he would only try to get some share in the increased productive powers of his own labour, and to maintain his former relative position in the social scale. Thus, after the abolition of the Corn Laws, and in flagrant violation of the most solemn pledges given during the anti-Corn Law agitation, the English factory lords generally reduced wages ten per cent. The resistance of the workmen was at first baffled, but, consequent upon circumstances I cannot now enter upon, the ten per cent lost were afterwards regained.

2. The *values* of necessaries, and consequently the *value of labour*, might remain the same, but a change might occur in their *money prices*, consequent upon a previous *change* in the *value of money*.

By the discovery of more fertile mines and so forth, two ounces of gold might, for example, cost no more labour to produce than one ounce did before. The *value* of gold would then be depreciated by one half, or fifty per cent. As the *values* of all other commodities would then be expressed in twice their former *money prices*, so also the same with the *value of labour*. Twelve hours of labour, formerly expressed in six shillings, would now be expressed in twelve shillings. If the working man's wages should remain three shillings, instead of rising to six shillings, the *money price of his labour* would only be equal to *half the value of his labour*, and his standard of life would fearfully deteriorate. This would also happen in a greater or lesser degree if his wages should rise, but not proportionately to the fall in the value of gold. In such a case nothing would have been changed, either in the productive powers of labour, or in supply and demand, or in values. Nothing would have been changed except the *money names* of those values. To say that in such a case the workman ought not to insist upon a proportionate rise of wages, is to say that he must be content to be paid with names, instead of with things. All past history proves that whenever such a depreciation of money occurs, the capitalists are on the alert to seize this opportunity for defrauding the workman. A very large school of political economists assert that, consequent upon the new discoveries of gold lands, the better working of silver mines, and the cheaper supply of quicksilver, the value of precious metals has been again depreciated. This would explain the general and simultaneous attempts on the Continent at a rise of wages.

3. We have till now supposed that the *working day* has given limits. The working day, however, has, by itself, no constant limits. It is the constant tendency of capital to stretch it to its utmost physically possible length, because in the same degree surplus labour, and consequently the profit resulting therefrom, will be increased. The more capital succeeds in prolonging the working day, the greater the amount of other people's labour it will appropriate. During the seventeenth and even the first two-thirds of the eighteenth century a ten hours' working day was the normal working day all over England. During the anti-Jacobin war, which was in fact a war waged by the British

barons against the British working masses, capital celebrated its bacchanalia, and prolonged the working day from ten to twelve, fourteen, eighteen hours. Malthus, by no means a man whom you would suspect of a maudlin sentimentalism, declared in a pamphlet, published about 1815, that if this sort of thing was to go on the life of the nation would be attacked at its very source. A few years before the general introduction of the newly-invented machinery, about 1765, a pamphlet appeared in England under the title: *An Essay on Trade*. The anonymous author, an avowed enemy of the working classes, declaims on the necessity of expanding the limits of the working day. Amongst other means to this end, he proposes *working houses*, which, he says, ought to be "*Houses of Terror*." And what is the length of the working day he prescribes for these "*Houses of Terror*"? *Twelve hours*, the very same time which in 1832 was declared by capitalists, political economists, and ministers to be not only the existing but the necessary time of labour for a child under twelve years.

By selling his labouring power, and he must do so under the present system, the working man makes over to the capitalist the consumption of that power, but within certain rational limits. He sells his labouring power in order to maintain it, apart from its natural wear and tear, but not to destroy it. In selling his labouring power at its daily or weekly value, it is understood that in one day or one week that labouring power shall not be submitted to two days' or two weeks' waste or wear and tear. Take a machine worth £1,000. If it is used up in ten years it will add to the value of the commodities in whose production it assists £100 yearly. If it be used up in five years it would add £200 yearly, or the value of its annual wear and tear is in inverse ratio to the quickness with which it is consumed. But this distinguishes the working man from the machine. Machinery does not wear out exactly in the same ratio in which it is used. Man, on the contrary, decays in a greater ratio than would be visible from the mere numerical addition of work.

In their attempts at reducing the working day to its former rational dimensions, or, where they cannot enforce a legal fixation of a normal working day, at checking overwork by a rise of wages, a rise not only in proportion to the surplus time

exacted, but in a greater proportion, working men fulfil only a duty to themselves and their race. They only set limits to the tyrannical usurpations of capital. Time is the room of human development. A man who has no free time to dispose of, whose whole lifetime, apart from the mere physical interruptions by sleep, meals, and so forth, is absorbed by his labour for the capitalist, is less than a beast of burden. He is a mere machine for producing foreign wealth, broken in body and brutalised in mind. Yet the whole history of modern industry shows that capital, if not checked, will recklessly and ruthlessly work to cast down the whole working class to this utmost state of degradation.

In prolonging the working day the capitalist may pay *higher wages* and still lower the *value of labour*, if the rise of wages does not correspond to the greater amount of labour extracted, and the quicker decay of the labouring power thus caused. This may be done in another way. Your middle-class statisticians will tell you, for instance, that the average wages of factory families in Lancashire has risen. They forget that instead of the labour of the man, the head of the family, his wife and perhaps three or four children are now thrown under the Juggernaut wheels of capital, and that the rise of the aggregate wages does not correspond to the aggregate surplus labour extracted from the family.

Even with given limits of the working day, such as they now exist in all branches of industry subjected to the factory laws, a rise of wages may become necessary, if only to keep up the old standard *value of labour*. By increasing the *intensity* of labour, a man may be made to expend as much vital force in one hour as he formerly did in two. This has, to a certain degree, been effected in the trades, placed under the Factory Acts, by the acceleration of machinery, and the greater number of working machines which a single individual has now to superintend. If the increase in the intensity of labour or the mass of labour spent in an hour keeps some fair proportion to the decrease in the extent of the working day, the working man will still be the winner. If this limit is overshot, he loses in one form what he has gained in another, and ten hours of labour may then become as ruinous as twelve hours were

before. In checking this tendency of capital, by struggling for a rise of wages corresponding to the rising intensity of labour, the working man only resists the depreciation of his labour and the deterioration of his race.

4. All of you know that, from reasons I have not now to explain, capitalistic production moves through certain periodical cycles. It moves through a state of quiescence, growing animation, prosperity, overtrade, crisis, and stagnation. The market prices of commodities, and the market rates of profit, follow these phases, now sinking below their averages, now rising above them. Considering the whole cycle, you will find that one deviation of the market price is being compensated by the other, and that, taking the average of the cycle, the market prices of commodities are regulated by their values. Well! During the phase of sinking market prices and the phases of crisis and stagnation, the working man, if not thrown out of employment altogether, is sure to have his wages lowered. Not to be defrauded, he must, even with such a fall of market prices, debate with the capitalist in what proportional degree a fall of wages has become necessary. If, during the phases of prosperity, when extra profits are made, he did not battle for a rise of wages, he would, taking the average of one industrial cycle, not even receive his *average wages*, or the *value* of his labour. It is the utmost height of folly to demand that while his wages are necessarily affected by the adverse phases of the cycle, he should exclude himself from compensation during the prosperous phases of the cycle. Generally, the *values* of all commodities are only realised by the compensation of the continuously changing market prices, springing from the continuous fluctuations of demand and supply. On the basis of the present system labour is only a commodity like others. It must, therefore, pass through the same fluctuations to fetch an average price corresponding to its value. It would be absurd to treat it on the one hand as a commodity, and to want on the other hand to exempt it from the laws which regulate the prices of commodities. The slave receives a permanent and fixed amount of maintenance; the wages labourer does not. He must try to get a rise of wages in the one instance, if only to compensate for a fall of wages in the other. If he resigned himself to

accept the will, the dictates of the capitalist as a permanent economic law, he would share in all the miseries of the slave, without the security of the slave.

5. In all the cases I have considered, and they form ninety-nine out of a hundred, you have seen that a struggle for a rise of wages follows only in the track of *previous* changes, and is the necessary offspring of previous changes in the amount of production, the productive powers of labour, the value of labour, the value of money, the extent or the intensity of labour extracted, the fluctuations of market prices, dependent upon the fluctuations of demand and supply, and co-existent with the different phases of the industrial cycle; in one word, as reactions of labour against the previous action of capital. By treating the struggle for a rise of wages independently of all these circumstances, by looking only upon the change of wages, and overlooking all the other changes from which they emanate, you proceed from a false premise in order to arrive at false conclusions.

#### XIV

##### THE STRUGGLE BETWEEN CAPITAL AND LABOUR AND ITS RESULTS

I. HAVING shown that the periodical resistance on the part of the working men against a reduction of wages, and their periodical attempts at getting a rise of wages; are inseparable from the wages system, and dictated by the very fact of labour being assimilated to commodities, and therefore subject to the laws regulating the general movement of prices; having, furthermore, shown that a general rise of wages would result in a fall in the general rate of profit, but not affect the average prices of commodities, or their values, the question now ultimately arises, how far, in this incessant struggle between capital and labour, the latter is likely to prove successful.

I might answer by a generalisation, and say that, as with all other commodities, so with labour, its *market price* will, in the long run, adapt itself to its *value*; that, therefore, despite all the ups and downs, and do what he may, the working man

will, on an average, only receive the value of his labour, which resolves into the value of his labouring power, which is determined by the value of the necessaries required for its maintenance and reproduction, which value of necessaries finally is regulated by the quantity of labour wanted to produce them.

But there are some peculiar features which distinguish the *value of the labouring power, or the value of labour*, from the values of all other commodities. The value of the labouring power is formed by two elements—the one merely physical, the other historical or social. Its *ultimate limit* is determined by the *physical* element, that is to say, to maintain and reproduce itself, to perpetuate its physical existence, the working class must receive the necessaries absolutely indispensable for living and multiplying. The *value* of those indispensable necessaries forms, therefore, the ultimate limit of the *value of labour*. On the other hand, the length of the working day is also limited by ultimate, although very elastic boundaries. Its ultimate limit is given by the physical force of the labouring man. If the daily exhaustion of his vital forces exceeds a certain degree, it cannot be exerted anew, day by day. However, as I said, this limit is very elastic. A quick succession of unhealthy and short-lived generations will keep the labour market as well supplied as a series of vigorous and long-lived generations.

Besides this mere physical element, the value of labour is in every country determined by a *traditional standard of life*. It is not mere physical life, but it is the satisfaction of certain wants springing from the social conditions in which people are placed and reared up. The English standard of life may be reduced to the *Irish* standard; the standard of life of a German peasant to that of a Livonian peasant. The important part which historical tradition and social habitude play in this respect, you may learn from Mr. Thornton's work on *Overpopulation*, where he shows that the average wages in different agricultural districts of England still nowadays differ more or less according to the more or less favourable circumstances under which the districts have emerged from the state of serfdom.

This historical or social element, entering into the value of labour, may be expanded, or contracted, or altogether extinguished, so that nothing remains but the *physical limit*. Dur-

ing the time of the *anti-Jacobin war*, undertaken, as the incorrigible tax-eater and sinecurist, old George Rose, used to say, to save the comforts of our holy religion from the inroads of the French infidels, the honest English farmers, so tenderly handled in a former session of ours, depressed the wages of the agricultural labourers even beneath that *mere physical minimum*, but made up by *Poor Laws* the remainder necessary for the physical perpetuation of the race. This was a glorious way to convert the wages labourer into a slave, and Shakespeare's proud yeoman into a pauper.

By comparing the standard wages or values of labour in different countries, and by comparing them in different historical epochs of the same country, you will find that the *value of labour* itself is not a fixed but a variable magnitude, even supposing the values of all other commodities to remain constant.

A similar comparison would prove that not only the *market rates of profit* change, but its *average* rates.

But as to *profits*, there exists no law which determines their *minimum*. We cannot say what is the ultimate limit of their decrease. And why cannot we fix that limit? Because, although we can fix the *minimum* of wages, we cannot fix their *maximum*. We can only say that, the limits of the working day being given, the *maximum of profit* corresponds to the *physical minimum of wages*; and that wages being given, the *maximum of profit* corresponds to such a prolongation of the working day as is compatible with the physical forces of the labourer. The maximum of profit is therefore limited by the physical minimum of wages and the physical maximum of the working day. It is evident that between the two limits of this *maximum rate of profit* an immense scale of variations is possible. The fixation of its actual degree is only settled by the continuous struggle between capital and labour, the capitalist constantly tending to reduce wages to their physical minimum, and to extend the working day to its physical maximum, while the working man constantly presses in the opposite direction.

The question resolves itself into a question of the respective powers of the combatants.

2. As to the *limitation of the working day*, in England, as

in all their countries, it has never been settled except by *legislative interference*. Without the working men's continuous pressure from without that interference would never have taken place. But at all events, the result was not to be attained by private settlement between the working men and the capitalists. This very necessity of *general political action* affords the proof that in its merely economic action capital is the stronger side.

As to the *limits* of the *value of labour*, its actual settlement always depends upon supply and demand, I mean the demand for labour on the part of capital, and the supply of labour by the working men. In colonial countries the law of supply and demand favours the working man. Hence the relatively high standard of wages in the United States. Capital may there try its utmost. It cannot prevent the labour market from being continuously emptied by the continuous conversion of wages labourers into dependent, self-sustaining peasants. The function of a wages labourer is for a very large part of the American people but a probational state, which they are sure to leave within a longer or shorter term. To mend this colonial state of things, the paternal British government accepted for some time what is called the modern colonisation theory, which consists in putting an artificial high price upon colonial land, in order to prevent the too quick conversion of the wages labourer into the independent peasant.

But let us now come to old civilised countries, in which capital domineers over the whole process of production. Take, for example, the rise in England of agricultural wages from 1849 to 1859. What was its consequence? The farmers could not, as our friend Weston would have advised them, raise the value of wheat, nor even its market prices. They had, on the contrary, to submit to their fall. But during these eleven years they introduced machinery of all sorts, adopted more scientific methods, converted part of arable land into pasture, increased the size of farms, and with this the scale of production, and by these and other processes diminishing the demand for labour by increasing its productive power, made the agricultural population again relatively redundant. This is the general method in which a reaction, quicker or slower, of capital against a rise of wages takes place in old, settled countries. Ricardo has justly

remarked that machinery is in constant competition with labour, and can often be only introduced when the price of labour has reached a certain height, but the appliance of machinery is but one of the many methods for increasing the productive powers of labour. This very same development which makes common labour relatively redundant simplifies on the other hand skilled labour, and thus depreciates it.

The same law obtains in another form. With the development of the productive powers of labour the accumulation of capital will be accelerated, even despite a relatively high rate of wages. Hence, one might infer, as Adam Smith, in whose days modern industry was still in its infancy, did infer, that the accelerated accumulation of capital must turn this balance in favour of the working man, by securing a growing demand for his labour. From this same standpoint many contemporary writers have wondered that English capital having grown in the last twenty years so much quicker than English population, wages should not have been enhanced. But simultaneously with the progress of accumulation there takes place a *progressive change in the composition of capital*. That part of the aggregate capital which consists of fixed capital, machinery, raw materials, means of production in all possible forms, progressively increases as compared with the other part of capital, which is laid out in wages or in the purchase of labour. This law has been stated in a more or less accurate manner by Mr. Barton, Ricardo, Sismondi, Professor Richard Jones, Professor Ramsay, Cherbulliez, and others.

If the proportion of these two elements of capital was originally one to one, it will, in the progress of industry, become five to one, and so forth. If of a total capital of 600, 300 is laid out in instruments, raw materials, and so forth, and 300 in wages, the total capital wants only to be doubled to create a demand for 600 working men instead of for 300. But if of a capital of 600, 500 is laid out in machinery, materials, and so forth, and 100 only in wages, the same capital must increase from 600 to 3,600 in order to create a demand for 600 workmen instead of for 300. In the progress of industry the demand for labour keeps, therefore, not pace with the accumulation of capital.

It will still increase, but increase in a constantly diminishing ratio as compared with the increase of capital.

These few hints will suffice to show that the very development of modern industry must progressively turn the scale in favour of the capitalist against the working man, and that consequently the general tendency of capitalistic production is not to raise, but to sink the average standard of wages, or to push the *value of labour* more or less to its *minimum limit*. Such being the tendency of *things* in this system, is this to say that the working class ought to renounce their resistance against the encroachments of capital and abandon their attempt at making the best of the occasional chances for their temporary improvement? If they did, they would be degraded to one level mass of broken down wretches past salvation. I think I have shown that their struggles for the standard of wages are incidents inseparable from the whole wages system, that in 99 cases out of 100 their efforts at raising wages are only efforts at maintaining the given value of labour and that the necessity of debating their price with the capitalist is inherent to their condition of having to sell themselves as commodities. By cowardly giving way in their everyday conflict with capital, they would certainly disqualify themselves for the initiating of any larger movement.

At the same time, and quite apart from the general servitude involved in the wages system, the working class ought not to exaggerate to themselves the ultimate working of these everyday struggles. They ought not to forget that they are fighting with effects, but not with the causes of those effects; that they are retarding the downward movement, but not changing its direction; that they are applying palliatives, not curing the malady. They ought, therefore, not to be exclusively absorbed in these unavoidable guerrilla fights incessantly springing up from the never-ceasing encroachments of capital or changes of the market. They ought to understand that, with all the miseries it imposes upon them, the present system simultaneously engenders the *material conditions* and the *social forms* necessary for an economic reconstruction of society. Instead of the *conservative* motto: "*A fair day's wages for a fair day's work!*" they ought to inscribe on their banner the *revolutionary* watchword: "*Abolition of the wages system!*"

After this very long and, I fear, tedious exposition, which I was obliged to enter into to do some justice to the subject matter, I shall conclude by proposing the following resolutions:

Firstly. A general rise in the rate of wages would result in a fall of the general rate of profit, but, broadly speaking, not affect the prices of commodities.

Secondly. The general tendency of capitalist production is not to raise, but to sink the average standard of wages.

Thirdly. Trades Unions work well as centres of resistance against the encroachments of capital. They fail partially from an injudicious use of their power. They fail generally from limiting themselves to a guerrilla war against the effects of the existing system, instead of simultaneously trying to change it, instead of using their organised forces as a lever for the final emancipation of the working class, that is to say, the ultimate abolition of the wages system.