

Capital 1 (abridged) Reader

for Issues in American Studies Stephen Shapiro

I'm asking that you read *Capital* for three reasons.

Firstly, it remains the classic account of capitalism, commodification, and labour struggle. Since these are major themes both within the cultural productions of the U.S. from the eighteenth-century onward and debates within American Studies, it's going to be very helpful to you to know first-hand what these terms really mean.

Secondly, I'd like for Marx to help teach you how to think about contradiction, dynamic process, and argumentation in literary narratives. Marx's account of the rise of capitalism often begins with problems, which he tries to solve by pursuing its implications. This is a valuable skill to have in thinking about culture, and it's one of the aims of this module to practice this kind of thinking throughout the year.

Finally, I want to give you the chance to compare critically how a variety of writers try to analyse culture. And rather than give you a "watered-down" version, why not go directly to one of the sources and build your self-confidence that you **can** read, understand, and use "big books"?

What I'm not asking is that you believe what Marx says. Your own (political, cultural) sensibilities are your own. There's a key analytical difference between understanding what an author argues and necessarily agreeing with it. It's the former that this module is to practice, not the latter, ok?

A final caveat. I've tried to provide a guide to *Capital*. This is in many ways a more difficult task than the Foucault reader. You might want to read through this document in its entirety, and then try reading Marx directly. Once you have an idea of some of his key axioms (like labour produces Value, which can't ever be diminished, even though it might be sold for less than what's worth), going through the book becomes easier.

That said, fear not, we'll go over the material in the seminars, so no one will have to worry about not "getting it."

Enjoy!

Preface to the First German Edition

Marx begins by talking about the difficulty of his project, which is to use an analysis of commodities and value to investigate modern society. He admits that it is hard to study economics because the discipline has to create its own instruments to analyze economic relations.

He acknowledges that the topic is going to be difficult, but asks for a reader (you!) who "is willing to learn something new and therefore to think for himself." But at the same time, he insists that he will try to study the capitalist mode of production scientifically and to try and develop "laws" in the same way that scientists discover "laws" (like the "law of gravity").

He cautions the German reader (remember that the book was written in German) not to assume that because the examples are from England that it has nothing to do with Germany. Marx argues that instead that the "laws" of capital have tendencies of "iron necessity" which will ultimately affect Germany as well (and implicitly the rest of the world). That said, "one nation can and should learn from others."

Marx also emphasizes that "individuals are dealt with only in so far as they are personifications of economic categories" (5), which means that he's not bothered by examples of "nice" capitalists because he wants to look at a larger social tendencies, not individual cases.

Afterward to the Second German Edition

Marx gives a short history of Political Economy in England, but claims that the "science of bourgeois economy" could not progress beyond the intellectual limits or obstacles it set for itself. He'll argue that he can resolve its problems and that he can do so, partially, by his "method."

He then discusses that he will work through Hegel's dialectic, but alter it. Marx's problem with Hegel is that he feels that it remains "idealist" or that it places too much influence on the power of ideas, rather than lived material experience. Hegel's dialectic is "standing on its head," meaning that it grounds itself on ideas alone. Marx wants to "turn it right side up again."

He then ends by arguing that the capitalist system is one heading to "crisis," which will lead to a political crisis.

Before you begin the actual text of *Capital*, a few words of explanation and encouragement.

The first 114 pages will be hard going.

This might not sound encouraging, but it's to let you know that if you find the reading difficult, you're not alone. Marx's discussion is here is mainly on economic theory, which may seem unfamiliar, daunting, irrelevant, and, more damagingly, outright boring, to you.

If it's any consolation, Marx himself knew that these pages were hard going. But he felt that he had to start with the question of Value and the commodity, in order to make a reasoned argument. I agree with him, but it still doesn't make the reading any more fun.

I see *Capital* as breaking into roughly three sections. The first segment includes Parts 1 and 2, which try to explain the relationship between commodities, money, and capital. The question that Marx tries to answer here is: What is capital? How makes capitalism different from other historical movements? We'll see that Marx's answer is that capital comes from unpaid labour.

The second segment includes Parts 3 through 6, where Marx asks how did capitalism develop through history. These sections are the easiest to read, or at least Marx himself thought so, because they essentially tell a historical narrative, and so tend to be less theoretical, which allows Marx's prose style to shine.

The third segment includes the last two parts, where Marx goes back and tries to explain the historical origins of capitalism. If the first section explained what capitalism was theoretically, the second section traced its development historically, the third section tries to fuse these two issues and describe its roots.

You might find it odd that the "beginning" of capitalist history should be the last topic in the book. Why does Marx tell his tale backwards? The answer is two-fold. Firstly, Marx argues that we perceive social facts only *post festum* (46), literally after the party's over, or after the deed is done. Because we are always belated in recognizing history, Marx wants to model a way of thinking through problems. He doesn't want to start at the beginning because that's not a useful way of approaching a problem. Just like a detective has to work backwards (she or he must retrace a crime based on its evidence), we can not reconstruct the past as if we were there. Keep this in mind, since it's an important thing to remember when we read texts, especially self-defined fictional ones. Although we might read a book as its plot unfolds, the reality is that the plot has already happened (the author wrote the book) and we're retracing an already finished process.

The second reason why Marx works this way is that he wants to make a scientific argument that is based on deduction, rather than induction. What's the difference? An inductive process would say I know what class struggle is like, I see it, so let me try to explain its mechanisms based on what I know happened. And this might lead us to focus on commodities (this, more or less, was Marx's first method of tackling the problem). The problem with inductive reasoning is that it might reason backwards to the correct answer, but it might equally come up with a wrong explanation, since there's no way to suggest a counter-factual (evidence which disproves the claim). Consequently, Marx will begin with the commodity and try to deduce its inner laws that lead to capitalist society.

When Marx says that he is trying to be scientific, he means it literally. He'll often say a problem has three variables, and then ask what happens if two remain constant and the third changes. He'll also set up the sections in a question and answer mode, where each section will lead onto the next, where each section attempts to answer a problem that came about in the process of the argument. It is this kind of internal dialogue that I'd especially like for you to notice, since it is an excellent primer in argument.

However, in addition to a linear argument, Marx also has a larger method of asking questions that can't be answered until *later in the book*. Marx is trying to construct the analytical tools for answering the question, which means that he will often find his argument must stop until he finds a way to go back and resolve the question. The larger problem Marx faces is that he wants to study something that is *in motion*, the economy, and it is hard to isolate parts of a system when they all inter-relate as a process.

Please read the first two parts (13-114), but if you get to passages that you can't understand (maybe it just seems to dry and abstract), **don't panic or stop reading**. Just keep pushing onward ahead, even if you don't really follow the argument. If

there are bits that just don't make sense, then it's fine to rely on this reader for the argument. Yet, try to challenge yourself and see if you can learn to follow Marx..

I think you'll find that once you get a sense of how Marx argues, you'll be dazzled by the logical progression of the argument. If not, you'll still find the book gets more interesting as it goes along. *Hang in there.*

I'm truly aware that *Capital* may feel burdensome to read, and that you may wonder why we're doing it. What I'm asking from you is to be the kind of ideal reader Marx asks for, one who is "is willing to learn something new and therefore to think for himself." Whenever you feel lost in reading it, try to ask yourself "why" Marx is focusing on his topic at hand. What is he trying to solve? Often this will be clear only when you've moved onto the next section (that's why the first two sections are hard to follow, since both he and you are working in the dark). But once you learn to be patient with this method, the book becomes extremely exciting to read because it is the display of a vibrant mind illustrating its own thought process. Marx is a great teacher because he lets us see how he teaches himself to think. Whatever you may think of Marx's "marxism," *Capital* is quite an intellectual ride, if you're willing to give it a try.

When you're in doubt as to what's the trajectory of Marx's argument, it is always worthwhile looking at the table of contents, since the chapter and section titles help clarify the point at hand.

Lastly, here a few general tendencies in *Capital*.

Marx is interested in a dynamic social system that involves a series of **transfers** (or exchanges). Keep in mind that Marx is trying to describe a process, not a static structure.

Marx also want to look at moments of **false freedoms**, instances when it the encounter between people seems neutral, but really isn't because the meeting has already been predetermined to advantage one side.

And, Marx is interested in how humans increasingly feel disempowered, where power gets **externalized** (or alienated) in ways that make it seem as if objects are animate and human subjects are objects. Marx will often then talk about instances when objects seem **self-expanding**, or self-active, in ways beyond human control. Marx thinks this estrangement, which he calls fetishism, is never true because, human sensuous activity are the real agents, not machines, and not (as Hegel thinks) ideas in themselves.

Now to the main text!

Part 1: Commodities and Money

For the moment, consider this part along with Part 2: The Transformation of Money into Capital. In these two parts, Marx will lead us through a series of terms (like commodity, value, profit, capital, etc.) to provide a definition of capital. The work of these two parts is literally to show how commodities lead to money and money leads to capital. Marx can't simply tell us what is capital because he first needs to define the terms that he'll use for that definition. Consequently, Marx takes care to be precise in defining his terminology, even though, at times, you'll just want him to get on with it. Chalk this up to the tedium of making a watertight argument.

The key terms to learn are:
commodity;
use-value (or utility);
exchange-value (often he just uses "Value" to stand for exchange-value);
price;
money;
and capital.

I'll try to explain most of Marx's points and why he thinks it important to make them. I may, however, tell you to skim a section because it's more worthwhile to focus on other sections. The strange thing about the first two parts is that once you've understood the argument, it will suddenly seem almost self-evident. But that's the nature of science. When gravity was unknown it was hard to conceptualize it (partly because to understand gravity one had to acknowledge that it was caused by the earth rotating around the sun, and pre-Galileo science thought that the earth was stationary). Nowadays gravity seems obvious. You might find the same phenomenon happening with your own understanding of *Capital*.

Chapter 1: The Two Factors of a Commodity: Use Value and Value.

Because the capitalist mode of production is “an immense accumulation of commodities” (13), Marx says that if we want to understand capitalist society, then we must begin with its simplest unit, the commodity.

What is a commodity?

A **commodity** is “an object outside us, a thing that by its properties satisfies human wants of some sort or another” (13).

Marx says that every commodity has a **Use Value** and an **Exchange Value**.

An object (or “thing”) has use-value to us when we “consume” it. If we don’t use something, then, for Marx, it’s use-less (i.e. a wheel’s usefulness is discovered only in the act of using it, otherwise an unused wheel is use-less).

These uses might be physical (like the need for food) or “fanciful” (like the desire for fashion) but Marx says that he’s not interested in the distinction or even how commodities satisfy these wants. Marx wants to find out is how he can unpack the constituent elements of a commodity, not to evaluate the kinds of uses. Both vegetables and pornography are “useful” in the sense that we consume them to satisfy a personal want, be it digestive or erotic.

Historians might want to “discover the various uses of things” and the means of making standard measurements as a way of periodizing time, like the Stone Age, Iron Age, etc. but Marx does not want to write a history of technological devices. Instead, he’s interested in a history of social development.

Every useful object can be “looked at from two points of view of quality and quantity.” Keep the quality/quantity distinction in mind, since Marx will often use it.

While use-values tend to be judged qualitatively, exchange-values are quantitative (numerical) matters. But if we can determine that a commodity is useful by extrinsic means (we see an apple and recognize its potential use to us), exchange-value seems to be accidental because we have no idea of what an object might be exchanged for, since exchange value can only be determined in the act of exchange. (A designer chair and a stool have, more or less, the same use value, the usefulness of lifting our bums off the ground, but if we try to sell the two chairs, we’ll realize the designer chair has a greater exchange value. But we can’t know one chair has a larger exchange value by sitting on it).

Because we can’t discover the exchange value in our own use of the commodity, the exchange value seems “intrinsic” to the chair. Its value seems to have nothing to do with how we might use the object. “But the exchange of commodities is evidently an act characterised by a total abstraction from use-value” (15). Thus, “as use-values, commodities are, above all, of different qualities, but as exchange-values they are merely different quantities” (15). One chair might be qualitatively more useful (or comfortable) for us to sit on, but, in the act of exchange, what matters is the quantity of more goods that one chair may bring rather than another.

Since use-value is personal, we can’t use it to differentiate one commodity from another. “If then we leave out of consideration the use-value of commodities, they have only one common property left, that of being products of labour” (15). Here Marx makes what will be a key definition.

Human labour determines a commodity’s Value.

Yet, in thinking of commodities in terms of their exchange value, we “abstract” the human labour that went into making the chair. We don’t think of who made the chairs, but only about their Value. Furthermore, we stop considering the ways in which an object might be useful. In other words, we mentally begin to prioritize numbers (quantities) over experience (qualities). It is this substitution of ideal values for material experience that operates as one of *Capital’s* main critiques, especially as Marx argues that “exchange-value is the only form in which the value of commodities can manifest itself or be expressed” (15). The commodity becomes seen as the materialization of exchange-value.

Why do exchange values predominate over use-values? This will be the question that Marx will attempt to unpack.

Marx then argues value is determined by “the quantity of [human] labour” spent making it. But is an object more valuable if a lazy person spends a long time making a chair, rather than the shorter time of a more industrious person? No. Marx says that he’s not talking about specific individuals, but the social average, the labour-time “required to produce an article under the normal conditions of production, and the average degree of skill and intensity prevalent at the time (16). Marx wants to think of collective trends, not individuals. The reason for this is that we exist in society, which is greater than the individual. A hand-loom weaver might be very fast, but the introduction of a power-loom (a loom run by a machine, not a person) changes the average time needed to make a piece of clothing.

Since value depends on the amount of time spent in making a commodity, Marx says that this value can change when labour becomes more productive (or when less time is needed to make something). An example might be a clock. Because a power-

loom involves less human labour per object, the object has less (exchange)-value to it. The relation of human labour to value is one of *Capital's* key axioms (an axiom is something that is assumed to be true, not requiring proof).

At this point, Marx says that “a thing can be a use-value, without having value” (17) If no human labour is spent making something, then it doesn't have any exchange-value, even though it provides a use. Marx's example is Nature. We value the usefulness of sun-light, but it doesn't have a “value” because no human labour is expended on it. Since we do spend effort of keeping the earth green, we might disagree here with Marx, especially as capitalist urbanization and land speculation will make a “view” exchangeable. But at this point in his argument, Marx wants to keep the use/exchange distinction, since he's trying to argue that the Value from labour is what makes exchange-value.

Alternatively, something has Value only if someone else wants it, it must have a “social use-value.” If I spend time putting string round lolly-pops, the stringed lolly-pops are still value-less, since no one else could find any use for them, no matter how much labour I put into making them.

Chapter 2: The Two-fold Character of the Labour Embodied in Commodities

Marx knows that the distinction between use and exchange value needs clarification, so he tries to expand on it.

A coat has a use-value, it “satisfies a particular want” (18), our need to keep warm. With this use value, one doesn't exchange a coat for a coat. This would be silly since at the level of needs, we just want to have any coat that keeps us warm, assuming that all the coats are more or less the same.

But we don't just make a coat, we first need to make the linen that may become a coat or it may become a dress, etc. There are different kinds of useful labour, a weaver's labour to make linen is useful, but it is also different than a tailor's making a coat out of linen. Thus, there exists a “division of labour” between the tailor and the weaver, the weaver doesn't make a coat, the tailor doesn't make linen. This “division of labour is a necessary condition for the production of commodities” (18). Why this is so Marx will have to explain later.

If a **commodity = use-value + exchange-value,**

and the use-value of every commodity is that part of “productive activity of a definite kind and exercised with a definite aim” (19), like keeping warm, and “the useful character of the labour is nothing but the expenditure of human labour-power” (20), then exchange-value depends on some other basis than use.

When we ask about a commodity's use-value, “it is a question of How and What” (21). How and what can it be used for. When we ask about a commodity's exchange-value, the questions of “How much? How long a time?” How much does the commodity cost (what can it be exchanged for) and how long did it take to make (since the more labour time invested in its manufacture, the more valuable it is).

Parenthetically, Marx acknowledges that some workers have greater collective skills than others. For instance, as a group, an hour of a surgeon's labour is more valuable than a hour of a manual labourer, since more labour (i.e. training time) went into making that surgeon possible to work her or his hour. But for “simplicity's sake we shall henceforth account every kind of labour to be unskilled, simple labour” (21). In other words, for the sake of simplifying a complex argument, Marx will temporarily bracket out the question of skilled versus unskilled labour (but he will later return to this!).

There seems to be a contradiction here. If “the magnitude of the value of a commodity represents only the quantity of labour embodied in it, it follows that all commodities...must be equal in value” (21). But we know that this isn't true; some commodities do get exchanged for more. The argument seems a little sloppy here because Marx seems to forget that he's already explained that use-value doesn't depend on numerical time. That said, he now brackets out use-value, since it doesn't really seem to differentiate commodities, and turns, in the next section to “The Form of Value or Exchange Value” (22). (Notice the tendency to equate Value with Exchange Value).

Marx repeats that commodities have a two-fold nature. They are “both objects of utility [i.e. they have a use-value], and, at the same time, depositories of value [i.e. seem to be worth something that makes them exchangeable]” (22).

The problem, though, is that it is difficult to discover what is a commodity's (exchange) Value, since we can't “grasp it” (23). We can't determine what is the exchange value of something by using it, since our consumption of an object is for a useful purpose, not for what it will bring in a trade. If I wear a second-hand coat to keep warm, I don't consider it more or less useful than a Gucci. This is what Marx means when he says that use values can't be exchanged. If it is warmth I want, what do I care about the designer label? Furthermore, I have no idea what I could sell the coat for since if I sold it, then I'd lose its utility

(because I'm now coatless). So use value has a qualitative materiality, while exchange value has a quantitative ideality. But if I do want to determine the exchange value, I need some means of gauging what that exchange value might be.

This is the problem Marx will now attempt to solve, and it is a problem that he argues will help explain "the riddle presented by money" (23).

He now turns to the problem of how to gauge, or quantify, exchange value, and turns back to the problem of relating two useful items, linen and coats and how we could exchange them.

One way would be the "elementary or accidental form of Value" (23). We just say that x commodity A = y commodity B, or 20 yard of linen is equal to 1 coat.

Marx says that this is a "relative" way of gauging value, since the only way we know how much 20 yards of linen are worth is by relativizing it to 1 coat (essentially this is the barter system). Marx says that this means that the value of linen can only be spoken in the relation it has to another commodity, the coat, so that the "bodily-form of commodity B becomes the value-form of commodity A" (27), one coat (the "body-form") now stands for the "value" of 20 yards linen. How much is 20 yards of linen worth? One coat.

You might want to skim pages 23-28, the discussion between relative and equivalent forms of value. What Marx is trying to get at is that the barter system can't solve the problem of value because there's no way to determine what is relative to what. For those of you with some algebra, the problem is this: if we say that $3x=y$, we don't know what is the dependent value, since if either x or y changes, then so will the other. If I gave you the problem what is x worth, you can only answer it relatively (or abstractly), $x=y/3$. To really know what the value of x , we need to know the "equivalent" of y . If $y=2$, then the matter is solved, $x=2/3$.

But do notice on page 26: "Human labour-power in motion, or human labour-power, creates value, but is not itself value. It becomes value only in its congealed state, when embodied in the form of some object." Value is not a form, but a dynamic. Humans make value, but this value can only get expressed in the process of exchange. If a commodity isn't traded, its value is still "potential." A comparison might be speech. A human might have the capacity to speak, but "speech" occurs only in the act of talking.

On page 28, Marx asks a question. We can assume that one coat=20 yards of linen only if we take this equation abstractly, or outside of history. But let's say that the value of various components change. If there's a poor crop of wool, then it takes more time, more labour to get 20 yards. This means that the equation 20 yards linen=1 coat doesn't function as well. So rather than think of linen and coats "relatively," we need to find some "equivalent" that both linen and coats can be compared to, some equivalent that represents value.

Earlier, the equivalent form was weight, which is also an equivalent. But Marx rejects this as an answer because weight is a natural property, outside of human labour. And, for reasons that he'll explain later, no natural equivalent can solve the problem. Even so, we still retain the older forms of equivalences in England as the unit of currency is called "the pound."

On page 30-31, Marx then says that this equivalent can't really be another commodity, since any commodity itself has a varying relation of use and exchange values. If we simply use a third commodity as our equivalent, what Marx calls "the expanded form of value" (table B on page 35), then we'd end up with an endless circuit of equivalences (this is "the defect of the 'Total or Expanded Form of Value' [36]). Therefore, we need some fixed equivalent.

Parenthetically, Marx attributes the realization that commodities need equivalents to Aristotle. But he says (33) that Aristotle couldn't fully answer the problem of commodities, which will have to do with the value of buying human labour-power (again, this is a point Marx has yet to prove), because Aristotle lived in a slave society, which doesn't buy labour time, it buys someone's whole life. Because Aristotle lived in a society that didn't quantify labour, he couldn't solve the problem. The problem, Marx says, can only be solved when "the notion of human equality has already acquired the fixity of a popular prejudice" (33).

The underlying significance of this comment is Marx's assumption that our ability to think certain things is historically determined. No matter how brilliant Aristotle was, his ideas were limited by the framework of ancient Greek society. Aristotle did not live in a modern society which viewed everyone equal to the degree that they can sell their labour, which a slave cannot, since she or he doesn't own their own self. Only within the conditions of modernity's equality could one, like Marx, solve the problem of Capital. Marx implies is that his own work could only be done at this particular moment (the moment of high industrialism). This is why he thanks the English investigators who provided the raw data for his study. It is also why he will critique older economists, but also respect them for being "wrong" because their own historical moment did not allow the tools for them to "get it right."

The further implication here is that there are social questions that we can't solve because we are bound to existing social formations that don't allow us to "think outside the box." For instance, we might denounce socialism as the loss of personal free choice, but that's because we've never experienced anything other than bourgeois society, which celebrates individuality, and doesn't allow the opportunity to consider what other values might be better. It's hard for us to imagine what a society based on mutual co-operation, rather than relentless competition, because almost every aspect of our lives is organized according to the principles of competition. Another example is that for someone in the medieval ages, the absence of social hierarchy was shocking. To exist without a monarch's rule was almost unthinkable, at the most basic level of imaginability. Today, in a post-regal world, this possibility seems obvious.

To continue, one solution to the problem of commodities would be "The General Form of Value" (37) that takes one commodity as the standard, and makes all other commodities be determined in relation to 20 yards linen. But this doesn't really solve the problem that the reference point is still a commodity, with the two components of use and exchange value.

Therefore, we need an equivalent that doesn't really have any use value at all, something that is purely exchange value, something that can be only considered as Value. This thing is Money (table D on page 41), where all commodities are now made equivalent to a numerical standard of money, "the general form of value becomes changed into the money-form" (41).

This means we can now rewrite the equation:

commodity = use-value + exchange-value
as:

commodity = use-value + money

At this point, Marx reviews the implications of the argument in section 4 (the concluding section of the chapter on commodities), which discusses the fetishism of commodities. Notice that Marx will often work to create terminology, and then step back to reflect the social-cultural implications of using this terminology (again, excellent argumentative style).

Section 4: The Fetishism of Commodities and the Secret Thereof

In this section, Marx pauses to comment on the social psychology that happens when commodities begin to be made more for exchange, than for use.

A commodity is a "queer thing," "a mysterious thing, simply because in it the social character of [human] labour appears to them as an objective character stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of this labour. This is the reason why the product of labour become commodities, social things whose qualities are at the same time perceptible and imperceptible by the senses" (43).

What Marx means is that when we encounter objects as commodities (a pair of trainers as "Nikes," for instance), we see their exchange-value more than their use-value. But since the exchange-value is intangible, because we can't wear exchange-value, we're lead to believe that these things have a life of their own, a magic about them that gives them value beyond use. We can't see the process of exchange that expresses the exchange-value, we only see the object and mistakenly believe that the object has the power to make extra value.

Because I no longer see the human social relations that go into making something, I assume the object "makes itself," as if it were "self-expanding." Therefore, I attribute "super-human" power as if it were a god. I "fetishize" the commodity; it's my idol, my icon. Therefore, I replace material relations with an ideal (imaginary) relation. In doing so, the commodity becomes a "social hieroglyphic" (45) because it is hard to decipher the social relations from the object alone.

One way to think about this is how we turn performers into icons, where celebrities become superstars not for anything that they do, but just for being famous. This is a sort of fetishism of fame, where the famous are famous for being famous.

Page 44 has a key summary. Objects of utility become commodities through the division of labour, such as in "primitive tribes," where different groups are responsible for different products. Commodities are then traded between different groups, but it is use-value for use-value. As time goes on, producers of goods become more individualized, as they make objects not as part of a collective group, but as an individual producer. "From this moment the labour of the individual producer acquires a socially two-fold character" (44), or the division between use and exchange value. The appearance of exchange-value begins the process by which human labour becomes de-collectivized and quantified, or turned into an equivalent.

Marx then tells a story about how this fetishism came about in order to critique the intellectual categories (ideology) of "bourgeois economy."

Robinson Crusoe lives in a world of use-value. “His stock-book contains a list of the object of utility that belong to him; and lastly, of the labour-time that definite quantities of those objects, have, on the average, cost him” (47). Because he lives alone, there is nothing that he can exchange, and thus doesn’t quantify objects except as they relate to his time.

In the “European middle ages shrouded in darkness,” feudal society also exists mainly in use values, since the serf must devote a set period of time, or percentage of the fields, to the manor’s lord. Objects aren’t given any value, since human labour isn’t made relative to commodities. Instead, the serf simply must give time (farming) as a bloc to the lord, rather than a set number of wheat, for instance.

But now, Marx says, let’s consider modern society, with its division of labour, that sees every individual as an isolated figure. This “cult of abstract man” erases our collective social relations, so that the idea of individuality becomes the social equivalent to a world that sees commodities as autonomous, outside of production, and only “real” in the world of consumption (exchange). Marx will expand on this point later, but keep in mind how he relates economic practices to social formations.

In a passage that our edition doesn’t reproduce, Marx describes commodity fetishism as a world in which objects seem to be more alive than human subjects, where the equivalent form of price (how much they cost in the marketplace) acts as the language of objects.

“If commodities could speak, they would say this: our use-value may interest men, but it does not belong to us as objects. What does belong to us as objects, however, is our value. Our own course as commodities proves it. We relate to each other merely as exchange-values.”

In chapter 1 Marx defined the difference between use and exchange values. He then gave a working definition of commodities as things that are related to each other through an equivalent form so that they can be traded. In the next chapter on Money, Marx will use the chapter to ask the next question, what is the equivalent form?

Chapter 2 - Exchange

In a world of fetishized commodities, objects seem to have a life and will of their own (think about how the net often talks of “the market” or “the net” as if it was a living being, rather than a product of human interaction).

But Marx reminds us that “it is plain that commodities cannot go to the market and make exchanges of their own account” (51). But in the market, the owners of commodities engage with each other as if they were themselves commodities, so that certain social forms, like the contract, become normalized, “The constant repetition of exchange makes it a normal social act” (53). This means that we begin to see commodities as naturally exchange values, and we interact with one another in terms of exchange, rather than “use.” A society arises that sees people in terms of “reciprocal independence” (53), rather than interdependent. This new society becomes based on competition, rather than co-operation, traders of exchange, rather than exchangers of use.

Marx argues that this behavior first begins when different communities begin to encounter one another (implicitly since a tribal community wouldn’t treat its own members that way, since internal barter is about use-value, not exchange-value). He also thinks nomadic societies will tend historically to think in terms of exchange-values because they are in constant contact with other groups. Because land wasn’t considered exchangeable until the 17C, agrarian-based societies tend more to social uses.

To help make the leap into an exchange culture, we have recourse to “the magic of money” (57) that can act as the form of equivalence. Originally money was gold and silver, because precious metals seem to be “naturally” valuable and their purity can be more easily determined.

The riddle of commodity exchange is really the riddle of money. How is it that money seems valuable? This is the question Marx turns to in:

Chapter 3: “Money, or the Circulation of Commodities

Marx discusses how money acts as “the universal equivalent” of things. We use money to determine value - 20 yards linen costs 12 pounds, 1 coat costs 12 pound, so 20 yards linen costs 1 coat.

But here is a contradiction. As Marx implied, **money does not actually carry any value at all**, since all value comes from labour-time. Money is a “*measure of value*,” (60) but it doesn’t actually have any value at all; it only signifies value. For example, the number “5” doesn’t have any value, it doesn’t have any “five-ness.” “Five-ness” belongs to the collection of five same objects, let’s say apples. “5” only describes the condition of other objects.

As a “measure of value,” money acts as the equivalent form. How much is this coat? It is valued at the equivalent of £5. The £5 is also the measuring device to relate it to other commodities.

Money also acts as the “standard for price.” A commodity’s **price** (how much it costs, its quantitative number), is often confused with its **value** (the amount of labour-time it represents, its qualitative work).

“As the measure of value [money] serves to convert the values of all the manifold commodities into prices, into imaginary quantities of gold; as the standard of price it measures those quantities of gold” (60).

But Price does not equal Value.

“Price is the money-name of labour realized in a commodity” (63). What price is **NOT** is the indicator of a commodity’s value.

Marx insists that a commodity’s value doesn’t change (since value is based on labour-time); only its price changes (what number it is given in the marketplace), and that the move to talk about a commodity’s price is one more step towards mystifying the actual relations of production, since it is a further trend to abstract numbers, rather than material use.

The difference between price and value is absolutely vital to understand, since all of Marx’s argument rests on it. One way to understand how an object might have a stable value but fluctuating price is to think of interest rates. When you want to borrow money from a bank, you ask to borrow the value of, let’s say ten thousand pounds. But the bank sells you this value for a different price, depending on the interest rates. Let’s say the interest rate is set so that you’ll have to pay the bank eleven thousand pounds.

So the Value of your loan is ten thousand, but the price is eleven. You pay eleven to be given the equivalent of ten. When interest rates go up, the price of money becomes more expensive. Now you might have to pay 12 to get the same ten thousand pounds.

Money confuses the difference between price and value, since both are expressed in terms of money. Thus, by helping to blur this difference, money increasingly seems to represent price alone, it “ceases altogether to express value” (63). And if money doesn’t express value, it can turn the world into a system of prices. Marx says this nicely when he argues:

“Objects that in themselves are not commodities, such as conscience, honor, etc. are capable of being offered for sale by their holders, and of thus acquiring, through their price, the form of commodities. Hence an object may have a price without having a value” (63). We might “sell out” for a price (a sum of money), but our honor is value-less, since it isn’t something “produced” by labour-time, or something produced to be exchangeable (I don’t practice telling the truth in order to bring my honesty to the marketplace, even though I might on eday capitalize on the trait of honesty for a price).

Notice Marx’s attempt to show how these process are **auto-telic** (they seem to make their own goals, their teleology) and **self-expanding**. Suddenly, we’ve moved from a world of use values to exchange values and then from a world of exchange values to a world of prices represented by money. Step by step we move further away from the scene of production, and it seems harder to reconstruct the source. Looking at a pile of coins, it is difficult to know from whence these coins came (from farm labour, from a factory, etc.) We’re moving into a world of abstractions, and our only guides seem to be these numbers, money.

Keep the distinction between **price** and **value** in mind, since Marx needs these terms to answer a problem, but he hasn’t yet said what the question is.

Section 2: The Medium of Circulation

Having established that **money** is the medium of exchange, we can re-write our original equation:

$$\text{commodity} = \text{use-value} + \text{exchange-value as}$$

$$\text{commodity} = \text{use-value} + \text{money}.$$

But since we don’t exchange use-values (because for Marx they are not exchangeable - “once a commodity has found a resting-place, where it can serve as a use-value, it falls out of the sphere of exchange into that of consumption. But the former sphere alone interests us at present” (64)), the equation seems to become simplifiable as:

$$\text{a Commodity} = \text{Money}$$

In this relation, we've moved back to a series of equivalents where a commodity can be exchanged for money, which, in turn, is exchanged for another commodity.

C becomes M becomes C.

In this relation, we change "roles" and no longer become producers and consumers, but "buyers" and "sellers." I go to the market with a commodity to look for a buyer who has money. I name my **price**, the buyer agrees, and buys my commodity. She or he can then either consume the commodity (and realize its use-value) or turn around and sell it for more money. Similarly, I, who was formerly a seller, now take my money and try to buy something. In this concourse of buying and selling, a **circuit, or circulation, of exchange is created** between a seller (C for M) and a buyer (M for C).

Again, "We cannot tell from the mere look of a piece of money, for what particular commodity it has been exchanged" (69). With ten pounds in my hand, you can't tell what I sold to get that money. Thus, in the **circulation of commodities**, it is **money** that increasingly seems to be more distinctive, to have more personality than commodities, to be the point of exchange. Thus, "circulation sweats money from every pore" (72). The point of the circulation of commodities is money.

The reason why Marx makes a point of breaking the circuit down into its constitutive parts (M-C and C-M) is because he wants to telegraph how capitalist crisis can occur.

"Circulation bursts through all restrictions as to time, place, and individuals, imposed by direct barter, and this it effects by splitting up, into the antithesis of a sale and purchase, the direct identity that in barter does exist between the alienation of one's own and the acquisition of some other person's product...if the interval of time between the two complementary phases ...becomes too great, if the split between the sale and the purchase become too pronounced, ...[this will produce] - a crisis" (73).

As circulation abstracts older social relations, it begins to rely on a logic of pure buying and selling. If that logic is broken or delayed, then there will be a crisis because I sold something only to buy something else. If there's a delay in the circuit, then I'm left with money that doesn't deliver any use-value, or exchange-value, to me. Keep this in mind for later.

Marx then talks about the "currency of money" by which he means its circulation. This bit is a bit complicated since he's looking to disagree with Adam Smith about how "the wealth of nations" is created. What he argues is that because money emerges from the circuit of C-M-C exchange, that the speed of the circuit, not the supply or demand of money, is what makes prices rise or fall. The reason for this is that he wants to explain why mercantilism (the idea that a nation should hoard gold) doesn't work in modern, capitalist times.

The important thing here is to get a sense that Marx introduces the concept that capitalism wants to accelerate trading time in order to reduce the duration a business cycle takes to complete.

Speed is also important because if price emerges from circulation, then, in the end, there is no reason why we need to have gold as money (as coins). Money can as easily be paper notes, which are faster and easier to transport, thus facilitating exchange. And implicitly, if money can be de-materialized from metal to paper, then there is no reason why it can't be further de-materialized from actual paper notes to invisible credit, which is even easier to move around. Think now about how much of our current transactions are electronic, as we further and further abstract our exchanges.

In the section on Money, Marx wants to show why hoarding coins ("the greed for gold") is contradictory. This is because the miser who holds onto her or his money makes the mistake of thinking that the coins contain **value**. But coins don't have value, they are simply denominators of **price**. And price emerges through circulation, not keeping money away from the market. If I hoard Deutschmarks because I believe they have intrinsic value, then in ten years I'll be shocked to discover that they are worthless, since the money-form has been changed to Euros. Hoarding makes the mistake of thinking that exchange-values are really use-values.

In times of crisis, though, the middle class, which has risen through the circulation of prices, will forget this and "declares money to be a vain imagination. Commodities alone are money" (89). In other words, in financial crises (like stock market downturns), people rush to buy something tangible, like houses. What people forget is that the house is also an object of exchange and can lose its price as easily as stocks.

For Marx, this kind of investment is nonsense because commodities only have value as they are part of the circulation of money. The bourgeoisie has gotten themselves too far in the mud to get out, since one can't stop the process of circulation that creates exchange value. Keep in mind the underlying logic of inexorable development here. Once we seem to step onto the path toward a commodity society, there's no safe way of turning back. Crisis looms.

This ends Part One (I've considerably condensed the argument, but tried to mention the main points). Look back at the Part 1's heading. Marx used it to show the transformation of commodities into money. Marx will now use Part Two to examine "The Transformation of Money into Capital."

Part 2: The Transformation of Money into Capital

"The circulation of commodities is the starting-point of capital...the modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market" (93).

The first form of the circuit was a commodity for money for a commodity (C-M-C). But since money seems to be the more interesting, powerful thing, Marx says, the circuit quickly becomes inverted. Instead of selling something to buy something (C-M-C), we buy something only to sell it. We start with money, exchange it for a commodity, but only to turn around and sell it.

This equation is now **Money for a Commodity for Money** (M-C-M). This is "the general formula for capital" because "money that circulates in [this manner] is thereby transformed into, becomes capital, and is already potentially capital" (95)

How does money become capital? When money is simply the intermediary for commodities (C-M-C), it is just an a form for exchange - it is just money. But when money turns the tables and uses commodities as its intermediary (M-C-M), it becomes capital.

Capital is money circulated for the purpose of making money.

Now here's another contradiction. Marx notes: "To exchange £100 for cotton, and then this same cotton again for £100, is merely a roundabout way of exchanging money for money, the same for the same, and appears to be an operation just as purposeless as it is absurd" (96).

Only a fool would go to the effort of trading and not make a profit. Therefore, Marx says the circuit, money for commodity for money. must mean that in the end the capitalist must have more money, the original sum (M) plus a profit (ΔM). Δ is scientific notation for change.

This equation is: $M - C - (M + \Delta M)$
£100 for cotton that is sold for £110 (M + ΔM)

The money that is created from the circuit of exchange (ΔM) is what makes calls **surplus-value**, the value that is not from **use-value** and is greater than the original **exchange value**.

The capitalist looks to gain surplus-value from the circuit of exchange. She or he isn't interested in use-values, or even any specific commodity, only money that makes profit (which is surplus-value). Because surplus-value only emerges through exchange, the circulation of commodities, the capitalist is involved in "a restless never-ending process of profit-making alone" (98).

The circuit of exchange is all the capitalist cares about, not use values or exchange values, and because of this the capitalist now lives for the marketplace, she or he must "constantly throw [money] afresh into circulation" (98). We can now see the difference between a miser and a capitalist. The miser holds onto money for its imagined exchange value; the capitalist doesn't care about exchange value, but profit, and profit only occurs from circulation. And by looking to circulation as the source of profit, the capitalist further fetishizes the market.

Profit is another name for surplus-value. A commodity's **Cost** is another name for exchange-value.

For the capitalist, her or his mode of life now focuses on the movement of money, since profit is achieved only when the circuit of exchange has been completed. Thus, capitalists become more restless as they desire for the circuit's acceleration, since the faster the circuit turns, the more profit is made. Time delays mean lost money for the capitalist.

Again, value seems not to be produced by the market's circulation, not from any person. Think about how people talk about making money from the stock market, as if value comes from buying and selling, rather than making and using.

The General Law of Capital is M-C-(M+ ΔM) - buying to sell to make more profit.

Chapter 5: Contradictions in the General Formula of Capital

After having shown that at the end of circulation, there seems to be a surplus-value, Marx then says that this doesn't make any sense. Where does the surplus-value (profit) come from? Despite what capitalists says, we know that inanimate money can't make more money. There has to be a source of profit that we are missing.

To get at this problem of the missing value, Marx reaffirms that commodities can't be sold for more or less than their value, since value comes from labour-time expended in producing the commodity, and this value can't be changed by the marketplace's circulation. You could sell a commodity for less than its value, but if you don't make this up in some other way, then, over the long run, you'll go bankrupt.

What the marketplace can do is create a gap between a commodity's **value** and its **price**. A commodity can be bought or sold for a **price** that doesn't reflect the commodity's real **value** (now you can begin to see why the value/price distinction is important, you'll see more in a bit).

"Circulation, or the exchange of commodities, begets no value" (105), but it may create price differentials that create surplus-value.

The contradiction in the general formula is that the circulation of capital doesn't make value.

Where then does surplus-value come from? It might come from a buyer cheating a seller by forcing them to sell a commodity for a price less than its value. But Marx claims: "the capitalist class, as a whole, in any country, cannot over-reach themselves" (105). What he means is that while cheating may go on, as a general rule, capitalists can't consistently rely on profit from cheating each other, since every capitalist is, at various times in the circuit, both a seller and buyer. Thus, whatever advantage a capitalist might gain as a seller by cheating, they'd lose as a buyer in the next moment when they're cheated, in turn. Because of the two-fold nature of the capitalist, systemic profit won't come from mutual cheating (although Marx realizes that capitalists have the benefits of nationalism and can cheat foreign capitalists knowing that the foreigners can't retaliate (essentially this is how third-world underdevelopment takes place).

So if profit doesn't come from the relations between capitalists buying and selling from one another, where does the surplus come from? The contradiction of the General Law is that profit comes from circulation and yet, seemingly, can't come from circulation. How can we resolve this paradox? The answer lies in the next chapter:

Chapter 6: The Buying and Selling of Labour-power.

Remember that for Marx, all value is created from labour-power. Since the capitalist doesn't labour, she or he can't create value. Who creates value then? Those that do labour, the labouring class.

For the labourer to enter the marketplace, two historical conditions have to be met.

1. the labourer must "free" to sell themselves; they must "be the untrammelled owner of his capacity for labour, i.e. of his person" (108). The worker must be free to sell her or his work, i.e. the labourer can't be a slave or a serf, who sells their whole self, not just the laborer.
2. The labourer must be "free" of any means of production that they could use to survive. The labourer must have not have any tools, or modes of production, that they could use to survive outside of the labour market. The definition of a proletarian is one who has only their labour to sell.

The appearance of "free" labour is the result of historical changes in society. Capitalism is a distinctly new historical phase because its preconditions could not have dominantly existed in pre-modern (here pre-1500s) Western society.

To return to the question then. The source of surplus-value (price's difference from value), happens as the labourer comes to the marketplace with one commodity to sell, and this commodity isn't an object, but their own labour. Or, more accurately, the labourer now treats the energy of her or his body as a commodity, so that what they sell isn't their labour, but their labour-power. (A slave's labour is sold because they slave is sold as an object; a worker sells her or his labour-power, since they don't literally enslave themselves, but only sell a part of themselves, their labour as a commodity).

The worker's labour-power is a commodity that has value, since value is created by labour-power, however, the worker doesn't get the true price for their value. Labourers sell their labour for less than it is worth (i.e. for less than what they create) because they need money to buy vital commodities to sustain themselves. Because the labourer needs to sell their labour without delay, the capitalist has an unfair advantage in the work-contract. This unequal exchange means that the buyer of labour-power (the capitalist) is able to buy **the labourer's use-value and surplus-value for something approaching the price of the use-value alone.**

Where does surplus-value (profit) come from? It comes from the difference between the price (wage) given to the worker for the value of her or his labor-power.

While capitalists might not systematically cheat other capitalists, they systematically cheat labourers, and this is the root of surplus-value. If labourers were paid the true value of their work, there would be no price differentials, no surplus-value, no profits.

For a society based on exchange values, the above would be silly. But for a society that bases itself on use values, and is thus uninterested in making profits, this makes sense. The former is capitalism, the latter socialism. The slogan “social justice” fundamentally means that all parts of society should be compensated for the real value of their work. To be clear, according to Marx, neither exchange nor money, in of themselves, makes capitalism. Capitalism is specifically the system that restlessly seeks profit, and gains this profit from exploiting labourers.

Here Marx asks a question. Why would workers put up with constantly being cheated by capitalists? His answer is historical. The labourer needs certain commodities to survive (like food, housing, etc.). In pre-modern society, labourers controlled their own means of production. The serf worked the land to provide food. Serfs may have been **oppressed** by nobility, but their labour wasn't **exploited** to make profit.

What happens in history is that the serf is “freed” from the land. But this is a **false freedom**, since the serf needs to buy things to live and has to go to the marketplace with only one thing to sell, themselves, i.e their labour-power. This is especially true if the serf or worker doesn't own any tools, while the capitalist does (for instance, a factory worker can only make things by being “allowed” to use the factory).

Because the labourer needs money now, she or he is in no position to bargain successfully, and so is in a position of weakness. Therefore, the worker is structurally disempowered and is vulnerable to selling the value of their work for a lower price.

Marx argues that the rhetoric of freedom and equality is a cheat. The capitalist says that in the sphere of the marketplace, there are only buyers and sellers. Everyone is equally free to buy and sell as they wish: “free will” and universal rights for all. Marx says that this language of equality is a lie, since it covers up the pre-existing inequalities between worker and boss that have been structurally constructed.

The anarchist Proudhon said that the rich and poor are equally free to sleep under the bridge at night. The joke is that the rich have the choice not to sleep under the bridge, while the poor don't. This is essentially Marx's point. The labourer comes “with his own hide to market and has nothing to expect but-a hiding.”

Congratulations! You've now gotten past the most difficult, dry, and conceptual section of *Capital*. From here on, it gets more exciting.

But do take a moment to take stock. In the first two parts, Marx has taken the commodity and shown how it becomes money, and then taken money and shown how it becomes capital. In the next section, he will now take up how capital creates absolute surplus-value. This will mean moving from the sphere of the marketplace to the sphere of production because the marketplace can't explain exactly how the labourer is exploited. And Marx ends by showing how what seems to be fair and objective - the individual's right to buy and sell as they choose, is, in fact, a system of coercion and structured unfreedom.

Conceptually, it's an impressive example of thinking through, step by step, of a problem, and of setting up questions that need to be answered, which can only get answered only in the process of thinking through the problem. It is this intellectual process that makes for excellent (literary) criticism.

Before we continue, you might now what to compare Marx's critique of the false neutrality of civil rights compares to Foucault's about how discipline argues that it is neutral and disinterested (not serving the interests of a class).

Part III: The Production of Absolute Surplus-Value

In the next two parts, Marx shifts the object of his explanation. The first two parts were a theoretical investigation into the roots of Value. Marx looked at the realm of circulation to retrace the aura of the commodity. Having come up with a solution to the mystery of capitalist profit, Marx hasn't yet explained how surplus-profit is actively created. In other words, he has an explanation for the theory, but now needs to illustrate its practice. This is why he says, we must turn to the realm of production.

For those of you exhausted by the first two sections, you'll be rewarded. The next two parts are essentially Marx's “history of western capitalism,” and, in the unabridged version, has long, long sections on the miserable living and work conditions that the labouring-classes endure, which give *Capital*'s its ethical edge.

Also, try to keep in mind some of Marx's deductive assumptions in the first two parts because Marx will keep these as his method. More on this as we go along.

Chapter 7: The Labour-Process and the Process of Producing Surplus-Value

Marx started the first part by defining what he meant by a commodity (something which is made to exchange with others in order to receive something that is useful to you) and what made a commodity capitalist (when commodities are made only to sell them for surplus-value (profit), which is created by unpaid labour). Marx isn't against buying and selling or even money as an equivalent, he's against exchange when it structurally requires the unfair wages, the exploitation of labourers, to create profit for someone else.

In this section, Marx now turns to the relation between labour and surplus-value. And he will again define what he means by labour.

Marx's definition of labour is that it is "a process in which both man and Nature participate, and in which man of his own accord starts, regulates, and controls the material re-actions between himself and Nature" (114). Putting aside the gendering here, Marx sees human labour as different from what animals do because it involves a pre-determined idea of the work. The component of human thought and creativity is vital. The more repetitive, mechanical, and mindless work becomes, Marx thinks it becomes less humanizing and more degrading (116).

He then divides work between the subject (humanity as the agent), object (Nature), and the instruments that connect one to the other. The links between human labour and instruments will be a key factor later in distinguishing absolute from relative surplus-value production. By tools, Marx also means large scale items like highways or airports, which are tools for transportation.

Human labour consumes Nature to make things. In this sense chopping down a tree to make a table is an act of consumption. Individual consumption is when a person consumes to support or pleasure themselves (like eating food to survive or viewing erotica); productive consumption is when a product is made to create products (we can see Marx trying to set up the groundwork for a capitalist commodity).

Marx then begins to define what makes consumption capitalist.

The two features that define capitalist labour conditions are:

1. The labourer works under the control of the capitalist who determines what work will be done.
2. The labourer's product belongs to the capitalist.

But the key feature is that when the labourer works, she or he produce a use-value **and** an exchange value (121). It is only the exchange-value that the capitalist is interested in. But the question remains, how is surplus-value created? What makes the process profitable?

In section 2, The Production of Surplus-Value, Marx begins by reiterating that the capitalist is only interested in making commodities to sell (exchange) and to sell for a profit. How is profit made in the work process? In some ways, this section repeats earlier points, but he does so to set up the introduction of new terms, as we will see.

Marx says that surplus-value doesn't come from the mechanical instruments (his example is the cotton and spindle - 122), since there is not any change in its value. The capitalist knows how much it costs to buy cotton and how many shirts that much cotton can make. "The swollen value of the yarn is of no avail, for it is merely the sum of the values formerly existing in cotton" (125) When a product is made, its value is simply the value of its components, which have been transferred to the final product. So, in terms of materials, there isn't any surplus-value to be had.

What's the solution to this problem? In short, if the instruments of production don't add value, since their consumption can always be factored, then value must come from the other element in the equation - the labourer.

Marx then says that the labourer needs to work so many hours a day to provide for his or her (use) needs. But if the worker is forced to work longer than what they need to, but essentially paid the same (they can give more labour-power for the same price by working, let's say, 40 hours, when only 20 are needed), the capitalist gains the extra labour for free, as it were. It is this unpaid labour that creates surplus-value.

Chapter 8: Constant Capital and Variable Capital

Marx specifies this point with some new terminology. The cost of machinery, its replacement costs due to wear and tear are defined as **constant capital**, (defined on 139) since the cost of investment in the instrument or raw material is returned to the finished product, no more and, hopefully, not less. The “means of production never transfer more value to the product than they themselves lose during the labour-process by the destruction of their own use-value” (136). Because the capitalist can calculate the amount of products that will come from raw material, there’s no variable here. Because of the constancy, there exists no way to make surplus-value. Thus, Marx brackets out materials.

The part of capital that does add value is called **variable capital** (140), since that capital is the source of surplus-value creation. Needless to say, variable capital comes from humans, and is generally the cost of wages.

Now Marx will try to focus on variable capital’s ability to make surplus-value.

Chapter 9. The Rate of Surplus-value

Marx makes the equation that the rate of surplus-value creation is defined by the “ratio of surplus-value to variable capital” (143). He ends by saying that another way of recognizing this equation is to say that it represents the fraction of “surplus-labour” (this is the un- or under-paid labour that the capitalist takes from the labourer) to “necessary labour” (what the worker needs to survive). Another way of thinking about this is as the ratio between profit/wages

<u>Surplus-value</u>	<u>Profit</u>
Variable Capital	Wages

This fraction is “the degree of exploitation of labour-power by capital.” So the rate of surplus-value is also the rate of exploitation (not oppression, since one can be oppressed without being tied to a system based on the production of surplus-value. If someone routinely beats another, this is oppressive. If someone makes another work to create profit, this is exploitative). This realization will be useful as a means of gauging the degree of injustice in the system.

Also notice the equation:

$$C=(c+v) + s$$

Capital=constant capital (equipment, materials) + variable capital (wages) + surplus-value (profit)

The rate of surplus value is how much profit is made in comparison to how much is paid out in wages. So, it might be that a boss could pay workers very high wages, but if they receive great profits, then their rate or surplus-value is greater than someone who pays their workers low wages, but who doesn’t make a lot of profit. Ultimately, it’s not the amount of profits that’s at stake for the capitalist, but the rate.

chapter 10: The Working Day

Marx looks to see how surplus-value is created or what makes variable capital variable.

He argues that every worker needs to work a certain amount to pay for the necessities of life. He calls this necessary-labour. Beyond this period of time is excess or Surplus-labour. The surplus-labour equals surplus value (remember that labour=value, this is what’s called the **Labour Theory of Value!**).

You can probably sense what’s coming. If surplus-labour creates surplus-value, then the capitalist who wants surplus-value will try to demand surplus-labour, or, more simply, to get the workers to work as long and as hard as possible without any increase in their wages. Marx then talks about the capitalist culture that increasingly sees any the labourer’s time as belong to the capitalist. Whenever the worker is not working to produce profit (let’s say they are talking, going to the toilet, day-dreaming, etc), then the boss sees the worker as “stealing” the capitalist’s time because potential surplus-value is being lost, and the boss feels that she or he has “bought” the worker’s time.

There are two kinds of limits to making workers work longer (149).

1. Humans become exhausted and produce less.
2. There are “moral limits,” or social pressures that limit working-days. While a ten hour working day was considered favourable in the 19C, today we find this excessive. That’s a cultural/moral change.

Marx’s image of capital’s demand for life-time is that capital is like a vampire, sucking the life out its victims. Capital is dead and needs workers to create and circulate surplus-value.

What follows is a long section about the actual politics surrounding the working-day. Marx notes how various methods are created to extend the working day (like double-shifts, child labour, etc.). One reason why capital will always favor longer days and double-shifts is explained on page 180. When a capitalist buys a machine, a certain fraction of its utility will be lost either

to the passage of time (i.e. a machine rusts) or a business competitor comes up with a more technologically advanced machine that will make the older models generate less profit. Think of this in terms of computers. You might buy a laptop for a thousand pounds and not use it for three years. You can assumably still get some use out of the laptop, but in the time that it has sat unused, newer laptops have come out and set new standards, which make the unused laptop lose value. Thus, the capitalist is always in a race for time, to make sure that no constant capital is lost.

So the first tendency by capital is to prolong the working day to the absolute human limits. The countervailing response by workers is to try and limit the working day (a classic trade union demand). But limiting the working day won't ultimately threaten capitalism, as Marx then proceeds to show.

In chapter 11 Marx suggests that if the length of the working day remains the same, then surplus-value will have to be gained by increasing the number of workers and their incremental creation of surplus-value. The equation he uses: $\text{Mass of Surplus-Value} = (\text{Rate of Surplus-Value per individual}) * (\text{Total Amount of Variable Capital})$. The less the rate of exploitation, then more workers are necessary to maintain the same mass of surplus-value.

Implicit here is that as the rate of exploitation drops, then full employment begins to emerge; a socialist society would thus tend towards full employment, while a capitalist one would tend to let employment drop in order to create value (more on this later in the text).

The increased number of workers looks to the creation of a factory. The medieval guilds tried to prevent any master from having many workers underneath him, in order to limit the amount of profit a master artisan might gather.

On page 187, Marx makes the important point that capitalism begins as a historical system even before technological changes alter the modes of production. Capitalism predates the industrial revolution.

So, to sum up Part 3.

Unpaid labour produces surplus-value. The first tendency for capitalist is to get surplus-value the cheapest and easiest way possible - make workers work more for less money. Overwork is cheaper because it doesn't require the capitalist to invest in new machinery (constant capital costs don't raise).

Marx calls this the production of Absolute Surplus-Value because overwork has an absolute limit to it.

Part 4: The Production of Relative Surplus-Value.

If we block out the creation of absolute surplus-value (overwork) or hold it steady, the surplus-value must be created by another means. Ultimately we have to discount absolute surplus-value because there comes a point when human exhaustion creates an absolute limit.

When humans can't work harder, then the work process (the "mode of production") has to be transformed (revolutionized) so that labour becomes more productive or efficient. This efficiency allows the boss to "cheapen the value of his commodities" or be forced to expend less capital to maintain the same rate of surplus-value. If labour=value, then the cheapening of a product's value (which isn't the same as its price in the market) means that labour costs have to be reduced. The way to reduce labour costs is to get more produced out of the same amount (or fewer) workers. "The value of commodities is in inverse ratio to the productiveness of labour" (194). The more efficient labour is, the less time spent making an object, which means that object soaks up less labor-time, making it less valuable.

Part 4 attempts to explain how this is done.

If the "prolongation of the working-day" (191) is absolute surplus-value, then "the curtailment of the necessary labour-time" is relative surplus-value.

Marx also points out (194) that the capitalist must increase the relative surplus-value because he is in constant competition with other capitalists. Capitalism is a mobile system of constant competition. It does not allow anyone to stand still or stop struggling; competitive movement is its intrinsic nature. Consequently, Marx sees the move to relative surplus-value as the really revolutionizing step in human history.

Chapter 13: Co-operation

Marx says that in the age of "handicrafts," there was only the roots of capitalist production. Capitalist production really only begins when the numbers of workers in one site increases. By bringing workers together in one site to co-operate, the capitalist can save money on a workplace's costs (we call this economy of scale). "It costs less labour to build one workshop for twenty

persons than to build ten to accommodate two weavers each” (198). Notice the argument about bringing workers together in one site; this is why capitalist modernization and metropolization go hand in hand.

Another benefit of co-operation is sympathetic response. Marx argues that because humans are social animals, when many are placed together then “an emulation and a stimulation of the animal spirits ... heighten[s] the efficiency of each individual workman” (199).

Because a big group of people encourage each other, a mass of people will have a greater power, than many individuals. Thus, the capitalist can gain the effects of surplus-labour simply by bringing workers together.

Co-operation allows for the growth of markets, while also shrinking the space which is necessary to work. Because of the dual expansion/contraction of space, Marx indicates that the “work of directing, superintending, and adjusting” (203) (we call this management) becomes a key function of capital, and it creates multiple levels of control with individuals whose only job it is to supervise.

Keep in mind that this chapter is the one Foucault quotes from when describing the effects of discipline.

Marx ends the section by saying the benefits of co-operation don’t seem to belong to any individual worker. Consequently, they seem to belong to the process, which is another way that labourers begin to feel they don’t have any individual value. In this way, we can also see how commodities can become fetishized, as if they are imbued with a spectral power. But that power is only the addition of the surplus-value created by the very act of bringing workers together in one place so that mutual emulation increases work efficiency.

The chapter ties together two themes in *Capital*: the problem of what seems to be self-expanding value (fetishism) and the loss of human control (externalization, objectification) to the system. These two converge in the status of the commodity, which seems to create value by itself. This is why Marx wanted to begin with discussing commodities rather than how labourers are exploited.

Chapter 14: Division of Labour and Manufacture.

Marx periodizes the age of manufacturing from the mid-16th century (1550s) to last third of 18th century (1770s).

The system of manufacture arises from two things.

First, by simple co-operation, and then by increasing use of workers to do just one fragmented part of a work operation, “the assemblage, in one workshop under the control of a single capitalist, of labourers belonging to various independent handicrafts, but through whose hands a given article must pass on its way to complete” (205). It is no longer the 20 needle-makers making needles (simple co-operation), but 20 workers-each doing one part of the process to make one needle.

In this way workers begin to lose their independence and become more reliant on the factory for their work (206). They become what we call “de-skilled.” The needleworker loses the craft of making needles and now only knows what to do, but not why or how it’s done. The division of labour begins through the “decomposition of a process of production into its various successive steps” (207).

This process of decomposition makes for the birth of the “detail labourer,” the one who only does a detail. The detailing is matched by the proliferation of increasingly specialized tools. Manufacture is characterised by the “differentiation of the instruments of labour” (209), which means that the tools become more specialized (209). Again, with the detailing of tools, there is the tendency to think that a certain kind of tool does the job, rather than a person, especially since the worker can no longer explain (or know) how to make a whole object.

The other tendency in the division of labour is to create an assembly-line, where the workers remain in one place while the object moves through various hands. This moves from making one object at a time to making several all at once. The “simultaneity” (212) of work binds the labourers into a system, and turns the factory into one “collective worker,” since all the labourers are now interdependent on each other.

“After Manufacture has once separated, made independent, and isolated the various operations, the labourers are divided, classified, and grouped according to their predominating qualities” (214). You might want to remember Foucault’s comments on how humans get normalized through the construction of multiple categories.

Manufacture creates, for Marx, a hierarchy among workers, a range of skilled and unskilled, thus creating competition among the group that formerly co-operated.

In section 4: Division of Labour in Manufacture and Division of Labour in Society, Marx asks how does the division of labour in manufacture (the detail labour in the factory) connect to the division of labour in society. In short, how do industrial

relations spread through society? You'll recall this was also the question that Foucault asked about the spread of discipline. Marx says that the division of labour in society comes about when groups first encounter each other and decide to trade. Because of this trade, a society will start to apportion certain tasks within itself; it will divide the chores or labour. A chief example of this would be the gendered division of labour where men become responsible for hunting, let's say, and women for weaving baskets. This is a social division of labour, but it's not a capitalist one (yet), since the division of tasks isn't devoted to making profit, to exploitation. The division of labour may be oppressive to women, but it hasn't yet become exploitative (and needless to say, that working-class women are usually simultaneously oppressed and exploited).

Another difference is that the division of labour in society still has a group's members making complete commodities. The division of labour in manufacturing has workers making fragments of commodities. So how do the two relate? This question will be the one that Marx will use to drive the study forward.

In section 5, The Capitalist Character of Manufacture, Marx reviews that capitalist manufacture fragments the sentient subject into a profit-producing object. This damages people's very sense of their self. Marx calls it "industrial pathology" (225), the sickness of capitalist labour conditions.

He then lists the process by which capitalism corrodes the handicraft system by creating a division of labour in manufacturing by:

1. "Decomposition of handicrafts" (breaking up small craft workshops)
2. "Specialisation of the instruments of labour" (making more precise tools)
3. "Formation of detail labourers" (de-skilling)
4. "Grouping and combining [detail labourers] into a single mechanism [i.e. the factory-space]"

This creates a "qualitative gradation, and a quantitative proportion in the social process of the labour of society...manufacture is but a particular method of begetting relative surplus-value, or of augmenting at the expense of the labourer the self-expansion of capital - usually called social wealth, "Wealth of Nations," etc. It increases the social productive power of labour, not only for the benefit of the capitalist, but also by crippling the individual labourers. It creates new conditions for the lordship of capital over labour. It, therefore, on the one hand presents itself historically as a progress and a necessary phase in the economic development of society, on the other hand, it is a refined and civilised method of exploitation" (225-226).

Capitalism presents itself as a necessary social advancement, which it is, but its development actually increases exploitation.

Marx then describes an internal limit, or contradiction, within the manufacturing system. Just as the production of absolute-surplus value (over-work) hit a limit in human exhaustion, so too does Manufacturing's move to detail labourer. Simply said, ultimately male workers resist deskilling and the introduction of cheaper, less well-trained workers (i.e. women and youth) in the workplace (226).

Because this worker resistance is a problem of capital, which must always search to increase the rate of surplus-value, because one capitalist is in competition with another, the modes of production must be revolutionized once more. For Marx, this is the move from the Era of Manufacturing to the Era of Industry. The industrial age is represented by the rise of Machinery.

Chapter 15: Machinery and Modern Industry

Marx again wants to specify his terminology by making the distinction between an instrument, which is something humans use to work on Nature, and a machine, which is an instrument that exists to make instruments. Instruments seem to cut humans out of the loop, in the same way the money seem to cut commodities out of the loop.

In the age of machinery, humans seem incidental to the equation, and machinery takes to take over from what humans used to (for instance, machines now start to "co-operate" (232) as if the processes of manufacturing now become re-enacted by machines themselves). Instead of machines, we now have "huge automaton[s]" (234) that invert power relations between human subjects and their objects. Inanimate objects begin to seem more powerful than people, especially as machines do not reach the same kinds of durability limits that are otherwise caused by absolute surplus-value (lengthening the working day).

As machines in one sphere advance, they force other connected industries to do so as well (not least by accelerating "communication and transport" - [think of the internet]). Now the collective labourer seems like it is a "collective machine" (234) and technological development seems to be running itself. Notice how Marx's description of Industry parallels the sequence of events in Manufacture, but this time it is machines that repeat what had previously happened to people. In so doing, Industry destroys the earlier conditions of Handicrafts and Manufacture (236). Capitalism destroys the past in the name of progress.

But to think that Machines actually do create Value is an illusion, since "machinery, like every other component of constant capital, creates no new value" (239). If machines don't make new value, why would the capitalist invest in them?

The answer is, as you may begin to realize, is that machinery can increase the rate of exploitation by breaking down the resistance of male labourers. It manages to do this because machinery allows for the introduction of women and children in the factory, since machinery doesn't require the muscular heft or years of craft training that was previously necessary.

Since women and children get paid less than men do (as a legacy of the pre-capitalist divisions of labour in society), technical innovation allows the factory's division of labour to incorporate older social divisions. It creates the channel to project the logic of capitalism throughout society, not least by transforming the household into a bastion of workers, and making male labourers now see the factory as a site of gender confrontation (against labouring class women) rather than one of class struggle (against the bosses).

Machinery as relative surplus-value, then returns the favor to the capitalist by helping to regenerate absolute surplus-value. The introduction of new technology now allows for the re-introduction of longer and harder working days (247). Think, for instance about how the introduction of computers in the workplace has resulted in everyone working longer, not shorter days - and how the internet generation of youth happily work the longest days, thus creating more absolute surplus-value, and increasing the rate of surplus-value.

Money becomes invested in constant capital only to increase the variable capital (machines allow for greater exploitation of labourers); this was the answer to the problem of manufacturing. For every limit capitalism faces, it transforms the system to overcome the problem; it is a system that is committed to productive transformation, or, rather, transformation in service of producing greater surplus-value (profit).

Machinery can also increase the rate of surplus-value by increasing the speed at which commodities are made, giving the worker more machines to run, and making machines more compact so that less (factory) space is needed (254).

Section 4: The Factory

In this section, Marx will examine the factory as a site of class struggle. On the one hand, capitalism uses technology against the new worker resistance of refusing to work, strikes, etc.

Marx then discusses anti-technology campaigns, like the Luddites, who would destroy new machines that put people out of work or allowed their wages to be lowered. He admits new technology is often used to break strikes and other kinds of worker self-determination. (While Marx is sympathetic to this kind of resistance, he also thinks it fails to see that the problem lies in the social structure of capitalism, not its instruments. The point is not to condemn new technology, but to resist the way it is used to create profit. Technology is not bad in itself for Marx, rather he seems somewhat in awe of technological advancement). But Marx disputes the notion (in section 6) that new technology creates new jobs. Why Marx will want to insist that new technology creates unemployment will become clearer later.

Marx will also relate the waves of technical innovation to "a series of periods of moderate activity, prosperity, over-production, crisis and stagnation" (275). As the system produces too many goods, and factory layoffs occur. Because the economy exists within cycles, workers "are thus continually both repelled and attracted, hustled from pillar to post." Marx means that the working class is the most vulnerable to seasonal hiring and layoffs. He also indicates the globalizing tendency of capital, more on this later.

Marx finishes the section by repeating several of the above points about how machinery introduces new divisions among generations and genders. He also talks about the struggle to legally limit the length and conditions of work.

The key points are that in the confrontation between boss and worker, capitalism will always seek to increase profit by altering (revolutionizing) the mode of production (how commodities are made) and the culture of work (it tries to instill regular work habits in labourers)

Part 5: The Production of Absolute and of Relative Surplus-Value

This part somewhat reiterates some of the preceding points.

The two key aspects is Marx's definition of what makes for productive labour. A "productive" worker in capitalism is one who produces surplus-value, not one who produces goods or services.

"Capitalist production is not merely the production of commodities, it is essentially the production of surplus-value. The labourer produces not for himself, but for capital. It no longer suffices, therefore, that he should simply produce. He must produce surplus-value. The laborer alone is productive, who produces surplus-value for the capitalist and thus works for the self-expansion of capital. If we may take an example from outside the sphere of production of material objects, a schoolmaster is a productive labourer, when, in addition to belabouring the heads of his scholars, he works like a horse to enrich the school

proprietor. That the latter has laid out his capital in a teaching factory, instead of a sausage factory, does not alter the relation. Hence the notion of a productive labourer implies not merely a relation between work and useful effect...[but as a] means of creating surplus-value” (300).

Thus, Marx would say the debate about privatizing schools to increase the standard of teaching is a confusing debate. While it may or may not be true that a privatized school teaches students more efficiently, the key factor is that the school becomes run on explicitly capitalist values, and these values ultimately care only about one thing, making profit, so that the students well-being is secondary.

Chapter 17: Changes in the Magnitude in the Price of Labour-power and in Surplus-Value

This chapter reviews that the magnitude of surplus value is determined by three things:

1. length of the working day (absolute-surplus value)
2. intensity of labour
3. productiveness of labour (2 and 3 combine co-operation, detail labour, and machinery to produce relative-surplus value)

But there is one other aspect that can change the magnitude of profit and that’s how much labourers are paid, their wages, which is the link between the Value of the labour-power that the labourer exchanges for a certain Price. This is the matter to which Marx now turns.

Before we does this, let’s review the historical scheme.

Era of Handicrafts	15C-mid 16C	Absolute-Surplus Value	Lengthening the Working Day
Era of Manufacture	mid 16C- 18C	Relative-Surplus Value	Co-operation
			Detail Labour
Era of Industry	last third of 18C-	Relative-Surplus Value	Machinery

But Industry also allows for the return to conditions of absolute-surplus value, which means that we’re seeing a cycle of practices developing.

Keep in mind capitalism’s tendencies:

1. To shift the possession of power (skills, labour-power) from people (labourers) to objects, which are really the possession of those in trade in commodities.
2. The nature of the commodity is irrelevant, only its ability to generate profit matters.
3. When workers resist modes of creating profit, capital adapts new strategies to overcome these limits.

Having shown how value is created, Marx will then want to return to analyze how a labourer sells her or his labour-power’s value for a price less than it is worth. This is the question of wages in Part 6.

Marx begins by reminding us that what is traded is not labour, but labour-power; labour-power is labor that has been turned into a commodity, something that is quantified to be exchanged , sold in a “transformed condition as wages” (311). Recall that wages are the price of labour-power, but not its value. Value and price are different terms.

Don’t get too caught up in trying to decipher this highly abbreviated part. Marx is having an argument with Adam Smith who argues that the price of a commodity is determined by its supply and demand. Marx’s disagreement is that he feels Smith (and classical economics) assume that the supply of labour is a natural element that is not politically and historically transformable. In some sense, the remainder of *Capital* is meant to disprove Smith’s claim, since Marx will say that capitalists intervene to change the supply and demand of labour by chaging the ration of constant and variable capital.

Part 7: The Accumulation of Capital (keep in mind that we’re reading an abridged edition so the logic of the transfers may be a bit truncated.

Marx’s question here is: How is capital accumulated? We’ve seen how surplus-profit is created, but what happens to this surplus-profit once it has been made? Marx says that surplus-value must be thrown into circulation. Capital must go into motion because it is produced out a system (a “complex of social production”). How then does capital circulate?

In chap 23, Marx introduces the question of simple reproduction, when capital is spent to produce a commodity to be sold for more surplus-value. The first point that Marx strives to explain is that capital exists as a circuit, a cycle, so that we can not speak of production, but re-production, a series of repeatable productions. The second point is that Marx wants to show that capitalism is a culture of exploitation that seeks to ensure the that there are always workers around to generate more surplus-value, cycle after cycle. If labourers produce surplus-value, capitalists produce the social relations of capitalism.

“Capitalist production, therefore, under its aspect of a continuous connected process, of a process of reproduction, produces not only commodities, not only surplus-value, but it also produces and reproduces the capitalist relation; on the one side the capitalist, on the other the wage-labourer” (323).

Chap 24 continues to investigate how surplus-value is converted into capital. Keep in mind that capital is surplus-value that is used to create more surplus-value (or to go back to the earlier formula, money that buys commodities to sell them for money and profit: $M-C-M+\Delta M$).

Note on page 329, a three point summary of the process of capital.

The end product belongs to the capitalist, not the worker; the product was made by consuming the worker’s labour-power, but which was free to the capitalist, and, at the end, the capitalist has the commodity will the labourer must sell his or her labour again.

But after the end of the first cycle, the system cannot stop. Firstly, the worker still needs to eat and survive and must therefore go back and sell her or his labour.

Marx then on 333 talks about the changing nature of capitalist culture, which began by trying to practise abstinence (work hard and save money) and then moves to increasingly enjoy luxury (work hard, spend hard). At the bottom of page 333, Marx describes four phases of capitalist culture. Notice how these four aspects align to the periods of Handicraft, Manufacture, and Industry. The implication here is that bourgeois culture goes through the same phase changes as its business practice on labourers, but in an inverse way. The following chapter will carry this implication further.

He ends the chapter by pointing out that because of this process, there emerges a pool of labourers, what Marx calls the labour fund.

Chap 25: The General Law of Capitalist Accumulation

Marx argues that the result of the continual need to reproduce conditions of profit maximization results in the production of a new social category, the proletariat (338). The system of profiteering creates new social categories, or classes. **The General Law of Capitalist Accumulation is the increase in the number of the proletariat? Why?**

Marx argues that at the end of a business cycle the capitalist has the money he or she purchased labour-power **and** profit. After subtracting her or his own use needs, the capitalist will then reinvest the original money and its profit. Since what the capitalist buys is labour-power, then the profit from the first cycle will need to find more labour-power to buy, hence more labourers.

Adam Smith’s theory of price as caused by supply and demand argues that as the supply of labourers decrease (since the capitalist looks to buy up all the labour-power they can find), then workers should demand more money, in the form of higher wages. And, of course, this happens.

But Marx argues that two additional things happen. Firstly, the capitalists start to conduct their same processes of co-operation and efficient work processes on themselves. But in an inverted fashion, since capitalists think that money creates value, so they don’t co-operate with other capitalists, but compete with each other to start the process of centralizing money, which is to say to create monopolies. “Capital can grow into powerful masses in a single hand because there it has been withdrawn from many individual hands” (348).

As the number of capitalists decrease, each individual capitalist can make more profit by controlling larger numbers of labourers. Another means of ensuring more profit is the credit system, which allows capitalists to pay for new machinery in advance. Why invest in machinery to combat the demands of workers who want higher wages? Because technology allows for the de-skilling of workers by making it easier for new groups of previously non-labourers (i.e. women and youths) to become labourers. Additionally, new technology allows the capitalist to make workers redundant. Workers thus face competition on two fronts: on the one hand, from new female/younger workers, and, on the other, from other male workers now unemployed, and hungry, willing to take any job for less money.

Think about Foucault’s argument that notions of criminality were used to divide internally workers against themselves, especially with the production of an underworld, individuals who can be structurally forced to be constantly available as police informants. For Foucault this is why authorities know that the penitentiary does not morally reform people. The point of the modern prison is not to reform subjects, but to create bad ones who can be used to police their labouring class colleagues.

Marx thus blows up the theory of supply and demand because he argues that supply is a socially constructed formula, in which the upper hand lies with the capitalists (in the same way that the work contract only looks equal, but contains a false freedom for the labourer who must sell their labour-power).

Marx's argument is that capital will always create a surplus army of labourers (an "industrial reserve army"), the unemployed who can always be used as a stick to threaten rebellious workers. The boss will say to strikers, "I can replace you in a second" as a means of keeping wage demands down.

Trade unions try to prevent this by "try[ing] to organise a regular co-operation between employed and unemployed in order to destroy or to weaken the ruinous effects of this natural law of capitalistic production on their class" (357), but then, Marx, says, capitalists often use "forcible means and State interference" to disrupt this working-class alliance. Again, think back to what Foucault says about the production of delinquency.

Marx distinguishes three kinds of "relative surplus-population" (358)

1. Floating labour – workers who are willing to move for work (think of immigrants)
2. Latent labour – labour that could be called on to work (typically rural populations that might be metropolitanized, the countryside workers who could become competitors for jobs once they can to the city).
3. Stagnant labour – casualized (i.e. part-time) labourer.

He then mentions a fourth category that includes:

Criminals, vagabonds, prostitutes (the "dangerous classes");
Those who can work, but are very poor;
Orphans and pauper children;
Those who can't work either because they are too demoralized or disabled.

Marx then turns to conclude with the general law of capitalist accumulation, which is that capitalist accumulation produces an industrial reserve army. Instead of creating jobs, capital will create unemployment as a strategic tool to bully labourers.

Capital "establishes an accumulation of misery, corresponding to the accumulation of capital" (362). Capital produces human misery, structurally, not accidentally, and this misery continues to expand and accumulate because capitalism is a system that must itself expand in order to accumulate (surplus-value must be reinvested to gain more surplus-value).

Marx turns now to answer the question: How did capitalists get an amount of surplus-value, in the first place, to invest as capital? How did capitalism begin? If one needs capital to make capital, where did one anyone get the original capital (primary accumulation

Part 8: The So-Called Secret Of Primitive Accumulation

Remember that *Capital* began with one secret, the secret of commodity fetishism and ends with another, the secret of primitive accumulation.

Marx rejects the notion that some people worked harder than others. Instead, his answer is violence – "the historical process of divorcing the producer from the means of production" (364) – forcing farmers off land, enslaving others, and other modes of terror.

After all, there's no greater source of unpaid labour, then outright stealing. Examples of social theft include:

"The discovery of gold and silver in America, the extirpation, enslavement, and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins signalised the rosy dawn of the era of capitalist production" (376).

Marx then briefly relates the history of England as the history of enclosure. Enclosure forced peasants off their small holds and the public land (the commons) so that large sheep fields could be made to service the emerging world market for wool clothes. After the fields had been enclosed and the peasants kicked off the land, they were "free" to move to the cities to become an industrial proletariat. If not, a series of ruthless laws were passed that made being poor and homeless a crime (to add a legal compulsion that forces a peasant to accept work).

Three things need to be emphasized here.

Firstly, what initiates cycles of what seem to be consensual contracts? Violence. Coercion begins the system.

Secondly, Marx asked why does the labourer sell her or his labour for a price less than its value? Because at the back of everything, the proletariat has been historically and structurally compelled to do so, as they have been made landless, criminalized, etc.

Lastly, the bourgeoisie uses the mechanisms of the State, as a “concentrated and organised force of society” (376) to ensure a “neutral” legal gloss to their violence by passing laws that legalize the coercion of the lower classes.

Marx ends the volume by saying the with the growth of “misery, oppression, slavery, degradation, exploitation...[there grows] the revolt of the working-class” (379). The expropriators will be expropriated with the socialist revolution, which will liberate the means of production from capital!

Capitalism was “the expropriation of the mass of the people by a few usurpers”; socialism will be “the expropriation of a few usurpers by the mass of the people.” (380)

This ends the abridged version of Vol 1.!