

Outline Study Course
in
Marxian
Economics

BASED ON VOLUME I
of
"CAPITAL"
by Karl Marx

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This Outline study course in Marxian economics is offered as a help to instructors of study classes on the first volume of Marx's "Capital". It may also prove to be of value to students of such classes. The Outline attempts nothing more than to suggest procedure, to eliminate a certain amount of preparation and to allow for elaborations by the instructor in each session as well as in the study course as a whole. The Outline has already proved to be of some value in classes on Marx's "Capital" arranged by the Groups of Council Communists in the United States, and it is hoped that others may also benefit from it.

SESSION ONE

Before proceeding with Session One the class should be organized and the following reading assignment given:

Author's Prefaces to the first and second editions; Editor's prefaces to the first English Translation and to the fourth German Edition (Kerr Ed.)

The ultimate aim of Marx in writing "Capital" was to lay bare the economic law of development in modern society. He discerned the dialectical development of the contradictions in the capitalist system of production and was able therefore to analyze scientifically the manifold forms of capital, from its cellform - the value concept, to its most intricate financial ramifications.

It is known that "Capital" is an application of the dialectical method of thinking to Economy. Marxian dialectical materialism has four principles:

1. Think concretely, for everything is concrete.
2. Everything must be studied in its movement and development, for everything changes continually.
3. Wherever contradictions appear, it is necessary to see their unity.
4. We must seek the contradictions in the processes of nature and society, for everything is put into motion by contradictions.

Nothing is at a standstill. There is nothing static in nature, society or men. Society has its own laws which change constantly. Each positive has its negative; each thesis has its antithesis. Development takes place through the negation of both:

positive.....negative
thesis.....antithesis

This process illustrates the negation of negation, out of which develops something new: this is called the synthesis, which incorporates the material facts of thesis and antithesis, though now in different form.

The process itself illustrates the turnover from quantity to quality.

Thesis: Capital
Antithesis: Wage labor
Synthesis: Communism

The quantitative growth of the class struggle brings about the revolutionary change to the new society where there are no capitalists and no wage laborers but free and equal producers. Communism thus is the synthesis.

The capitalist class claim there is only a quantitative difference between the rich and poor - "Some people have more money than others." But this quantitative difference implies also a qualitative difference: the capitalist class is the exploiter, the workers the exploited. (Explain and illustrate).

Quantitatively, one stone is but a stone, one hundred stones may comprise a wall and then ten thousand stones may allow the building of a house. From the quantitative proportions of a hundred stones and ten thousand stones may evolve the qualitative aspect of wall and house. Sociologically, a hundred rebellious men are not a menace to the capitalist class; a hundred thousand rebellious men, on the contrary, may constitute a revolutionary force.

Marx found the motive power of sociological development in the class contradictions to be the product, manifestation and the changing activity of the development of the productive forces.

In laying bare the economic laws governing capitalist production, Marx's procedure is twofold: first, he isolates in its order each important feature of the productive process; second, he retraces his steps; that is, his analysis of the isolates, weaving into his pattern all minor yet essential factors and develops in this way a "complete picture" of the capitalist system of production. "From the concrete to the abstract to an understanding of the concrete."

A thorough understanding of the real nature of capital is arrived at only by a scientific analysis of capitalism. However, this is not an easy task, for many factors; important and unimportant, obscure the value-form of human labor in capitalist production. Only a knowledge of the inner laws that determine the present social system's development will enable us to see through the smoke screen of capitalist ideology.

Reading Assignment: Chapter I, "Capital" (pp 41 to 55).
Literature Suggestions: "The Scientific Method of Thinking - An Introduction to Dialectical Materialism." By Edward Conze (Chapman and Hall, Ltd. London, W. C. 2, 1935).
"Anti-Duhring" by Frederick Engels, (Chas. Kerr & Co. Chicago 1935).

SESSION TWO

Recapitulate with a short talk proceedings of Session One.

COMMODITIES

"The wealth of those societies in which the capitalist mode of production prevails presents itself as an immense accumulation of commodities, its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity." (p. 41).

What is a commodity?

"A commodity is, in the first place, an object outside us, a thing that by its properties satisfies human wants of some sort or another. The nature of such wants, whether, for instance, they spring from the stomach or from fancy, makes no difference. Neither are we here concerned to know how the object satisfies these wants, whether directly as means of subsistence, or indirectly as means of production. Every useful thing, as iron, paper, etc. may be looked at from the two points of view of quality and quantity." (pp 41-42).

At the same time, every useful thing contains both use value and exchange value.

"Use values become a reality only by use or consumption: they also constitute the substance of all wealth, whatever may be the social form of that wealth. In the form of society we are about to consider they are, in addition, the material depositories of exchange value."

Exchange value, at first sight, presents itself as a quantitative relation, as the proportion in which values of one sort are exchanged for those of another sort, a relation constantly changing with time and place." (pp 42-43).

As use values commodities differ in quality; as exchange values commodities differ in quantity.

One hundred pairs of shoes may be exchanged for an automobile. No matter what may be the use value of a commodity, it can be exchanged with another commodity. The quantitative relations enable the exchange.

There are use values that have no exchange value, such as air, virgin soil, ocean water, etc. but there exist no exchange values that do not have use value. However, as soon as human labor is applied to air, the forests, ocean water, these also become exchange values.

Commodities were in existence before capitalist society. But

only after the circulation of commodities had attained a certain degree of development in society could real capitalist production develop.

Articles in the Indian village were not exchanged on a capitalist basis because they were not produced for the market. Whatever surplus the natives had in their community they exchanged. This method of exchange, barter, was the starting point of capitalist development.

Commodity production - the capitalist mode of production - is for exchange, for sale, for the market. Its representatives do not aim to produce the products for their personal use but rather to realize their value in the exchange. (Illustrate).

Exchange values imply a quantitative relation, such as:

One ton of coal for 12 pounds of tea.

This exchange implies equality, yet this equality cannot be explained by the bodily substance of coal or tea. As use values, coal and tea are unlike, but as exchange values they are alike.

"The valid exchange value of a given commodity expresses something equal. Exchange value, generally, is only the mode of expression, the phenomenal form of something contained in it, yet distinguishable from it." (p 43).

Assume that one ton of coal equals 12 pounds of tea.

"What does this equation tell us? It tells us that in two different things there exists in equal quantities something common to both. The two things must therefore be equal to a third which in itself is neither the one nor the other. Each of them, so far as it is exchange value, must therefore be reducible to this third." (p.43).

This third common "something" has nothing to do with the natural property of commodities.

The exchange of commodities is evidently an act characterized by a total abstraction from use value.

"If we leave out of consideration the use value of commodities then they have only one common property left: that of being products of labor."

If we make abstractions from their use value we see in the products of labor no longer material things, such as a house, table, book, etc., but only the thing that is common to all: human labor in the abstract.

It is labor in general, regardless of its special form of expenditure that is the substance of exchange value.

A quantitative relation expresses the fact that equal quantities of labor are embodied in - as we assumed above - one ton of coal and 12 lbs. of tea. As the quantity of labor is measured by its time - expenditure, we assume the following equation:

1 ton coal 5 hours
12 lbs. tea 5 hours

If labor time is to serve as measurement, then it must have as its basis the labor time which in general is required for the production of a given commodity.

The labor time of an individual counts as exchange value only in so far as it is the labor time necessary in society. The labor time of all individuals computed gives the average, or, as Marx calls it, the socially necessary labor time.

"The introduction of power looms in England probably reduced by one-half the labor required to weave a given quantity of yarn into cloth. The hand-loom weavers, as a matter of fact, continued to require the same time as before, but the value of their product fell to less than one-half of its former value." (p.46).

Therefore: Commodities in which equal quantities of labor are embodied, or which can be produced during the same time, have the same value.

But from the point of use value the product must be socially necessary, too; otherwise it could not be exchanged (e. g. hats out of style, etc.).

As values, commodities are only definite masses of congealed labor time.

The value of a commodity remains constant if the labor time required for its production also remains constant, but the latter changes with every variation in the productivity of labor.

Example: 1 ton of coal 5 hours (constant)
12 lbs. of tea 1 hour

In this case the equation would be:

1 ton of coal 5 hours
60 lbs of tea 5 hours

The twofold character of the labor embodied in commodities.

"At first sight a commodity presented itself to us as a complex of two things - use value and exchange value. Later on we saw also that labor, too, possesses the same twofold nature." (p.48).

Let us assume two commodities, 1 coat and 10 yards of linen. Assume that the coat has twice as much value as the linen:

linen equals	1 value
coat "	2 values

Because coat and linen are two qualitatively different use values, they therefore represent two different kinds of labor, namely, tailoring and weaving.

Were these two commodities not qualitatively different, not produced by labor of different quality, they could not stand to each other in the relation of commodities. (Coats are not exchanged for coats).

One use value is not exchanged for another of the same kind.

"Division of labor is a necessary condition for the production of commodities, but it does not follow conversely that the production of commodities is a necessary condition for the division of labor. In the primitive Indian village there is social division of labor without production of commodities. ...Only such products can become commodities in regard to each other, as result from different kinds of labor, each kind being carried on independently and for the account of private individuals."

A commodity is a combination of two elements, matter and labor. "Labor is the father and earth is the mother." (Wm. Petty).

If one coat represents one day of labor, then two coats represent two days of labor. With the development of the productivity of labor we might produce two coats in one day.

"An increase in the quantity of use values is an increase of material wealth."

"Nevertheless, an increased quantity of material may correspond to a simultaneous fall in the magnitude of its value. This antagonistic movement has its origin in the twofold character of labor."

SUMMARY

Every commodity has a twofold character:

Use Value	-	Exchange value
The natural form	-	The form it has in capitalism.

The value can only manifest itself in the social relation of commodities: that is, commodity to commodity.

Reading assignment: pp. 56 to 96.

SESSION THREE

The form of value or exchange value.

We have seen that a commodity's value is embodied in the commodity itself. Under capitalism this value is expressed in the money form.

We must, therefore, trace the genesis of the money form.

Following Marx's method we deal first with

A) The Elementary or Accidental form of value:

20 yards of linen equal 1 coat, or
20 yards of linen are worth 1 coat.

"The whole mystery of the form of value lies hidden in this elementary form. Its analysis is our real difficulty." p. 56

The two poles: Relative form and Equivalent form.

It is not possible to express the value of linen in linen. 20 yards of linen equal 20 yards of linen is no expression of value. The value can only be expressed in relation to some other commodity, e. g. 20 yards of linen equal 1 coat.

Here the value of the linen is crystallized in the coat. The coat becomes the equivalent to measure the value.

In this formula we express the value of the 20 yards of linen but we cannot express that of the coat. The equation, however, implies that the same quantity of value substance is embodied in both, namely labor time.

"The body of a commodity that serves as the equivalent figures as the materialization of human labor in the abstract and is at the same time the product of some specifically useful concrete labor. This concrete labor, therefore, becomes the medium for expressing abstract human labor." p. 67

Relative form:	20 yards of linen	-	1 coat
Equivalent form:	1 coat	-	20 yards of linen.

The elementary form of value is the earliest form under which a labor product appears as a commodity.

B) The Total or Expanded (Extended) form of value:

20 yards of linen

1 coat
or 10 lbs. tea
or 40 lbs. coffee
or 1 quarter of corn
or 1 ton of coal
or 2 ounces of gold
etc.

Here the comparison of the linen's value is extended. Instead of a single equivalent, as in the elementary form of value, we now have a heterogeneous mass of different equivalents. The extended expression of value is only the multitude of single or elementary expressions.

The next higher form of value is

C) The general form of value:

1 coat
10 lbs. tea
40 lbs. coffee
1 quarter of corn each - 20 yards of linen
1 ton of coal
2 ounces of gold
etc.

Both the earlier forms of value, the elementary and the extended are unfit to do more than merely present a commodity's value as being distinct from that commodity's use value.

In the general form of value, the values of all commodities not only appear as qualitatively equal; they also appear as comparable magnitudes.

In our example one single commodity (the 20 yards of linen) that is excluded from the rest, becomes now the universal equivalent.

The universal equivalent form is a form of value in general and can be assumed by any commodity.

"The particular commodity, with whose bodily form the equivalent is thus socially identified, now becomes the money commodity, or serves as money." (p.80)

If gold replaces the linen, we get

D) The money form of value:

20 yards of linen
1 coat
10 lbs. tea
40 lbs. coffee each - 2 ounces of gold
1 quarter of corn
1 ton of coal
etc.

Gold has assumed the function of the "universal equivalent." It is now money and embodies, like all other commodities, crystallized labor. To produce 2 ounces of gold requires here in our assumption as much labor time as the production of 20 yards of linen.

The simple commodity equivalent form is therefore the germ of the money equivalent form.

The Fetishism of Commodities.

"A fetish is a material object, supposed to possess powers capable of bringing to successful issue the designs of the owner." (Webster's Dictionary).

Why does Marx speak of the fetishism of commodities?

Regarded as a use value there is nothing mystical about a commodity; it is plainly the joint product of labor and nature.

Neither does the mystery come from either of the two factors of the commodity's value - qualitative and quantitative labor.

The mystery lies in the commodity's condition of being a complex of use value and value.

First, the equality of one kind of labor with another is not expressed as such equality, it is expressed only as another kind of equality.

Second, the quantity of embodied labor time is not expressed as such quantity, it is expressed only as another quantity.

"The products of labor become commodities because the relation of the individual labors of the producers to the sum total of their labor is presented to them as a social relation, existing not between themselves but between the products of their labor." (p. 83).

"It is only by being exchanged that the products of labor acquire, as values, one uniform social status, distinct from their varied forms of existence as objects of utility. This division of a product into a useful thing and a value becomes practically important only when exchange has acquired such an extension that useful articles are produced for the purpose of being exchanged, and their character as value has therefore to be taken into account, beforehand, during production." (p. 84).

The fetish character of commodities disappears immediately when we consider wealth production which is not the production of commodities.

Robinson Crusoe knew nothing of value. He recognized useful articles only. To him the means of production were merely instruments of labor.

The same basic laws will be valid in the Communist Society.

Read carefully Section 4, pp 81 to 96. Literature: W. H. Emmett's "The Marxian Economic Handbook" pp. 78 to 90; "What Communism Really Is" Published by International Council Correspondence. Instructor to assign two members to speak briefly on (1) The Four Value Forms; (2) The Fetishism of Commodities. Reading Assignment for Session Four pp 96 to 162.

SESSION FOUR

The Process of Exchange

In the process of exchange there are necessary not only the commodities which are to be exchanged but also the commodity owners.

Commodities, therefore, stand to each other in a private property relation.

To the owner, the commodities possess no immediate use value; to him they possess only value which he hopes to realize through exchange.

Commodities are non-use values to their owners, and use values to their non-owners.

Hence, commodities must be realized as values before they can become use values, but at the same time they must be use values because only as such are they exchangeable.

For the owner of a commodity exchange is first a simple private transaction, second a social transaction of a general character.

To the owner of a commodity every other commodity is, in relation to his own, a particular equivalent, and consequently his own commodity is the universal equivalent for all others. This applies to all commodity owners.

Commodity exchange, however, requires a universal equivalent. Gold, because of its comparative rarity as well as durability and metallic substance, was made the universal equivalent: gold became money.

Money, or the Circulation of Commodities.

"Throughout this work, assume, for the sake of simplicity, gold as the money-commodity." (p. 106)

In this, as also in the following sentence, Marx emphasizes once more that gold is merely a commodity.

"Money, like every other commodity, has to express the magnitude of its value relatively to other commodities. Its value is determined by the labor time required for its production and is expressed by the quantity of any other commodity that costs the same amount of labor time." (p. 106, abridged quotation).

Gold enables all sorts of commodities to express and to compare their values.

We already know what determines the value of gold. However, money is merely an imaginary form whose price depends entirely upon the kind of metal that is money. It could be either gold, silver or copper; or all three at the same time as long as the ratio between them remains stationary.

The desire to avoid fluctuations in the ratio brought about a fixed "standard of price." This standard of price was adapted from the pre-existing "standard of weight," for example, two ounces of gold equal one pound sterling of silver. (The standard Roman pound developed into the modern English pound sterling).

As measure of value, and as standard of price, money is different and has different functions.

As measure of value it is labor time converted into gold; as the standard of price it is a fixed weight of metal.

As measure of value it converts labor time into gold; as standard of price it measures that gold.

Variations in the value or price of gold do not affect its function as a standard of measurement. No matter how the value of gold varies, the proportion of different quantities of the metal remain constant.

A change in the value of gold does not interfere with its function as a measure of value. If the value of gold drops, so does the value of other commodities because the productivity of labor does not occur in one field of production only.

When the value of gold (or price of money) remains constant and the other commodities rise in their value, or when the value of gold drops and the value of other commodities remain constant, then we have a rise in the price of commodities. (It is, of course, assumed here that price is equal to the value and truly represents it).

Under their money names commodities lose every trace of their value relation.

The question "What is money?" can briefly be answered thus:

- 1) Money expresses the value-price of commodities.
- 2) Money is a part of the metal that acts as the standard of price.

Circulation

"When 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 (exchange) alone interests us at present. We have, therefore, now to consider ex-

change from a formal point of view to investigate the change of form or metamorphosis of commodities which effectuates the social circulation of matter." (p. 117)

We must realize that commodities (use values) stand opposed to money (exchange value) but that both, as commodities, are units of use value and value.

The metamorphosis takes place in the market.

A weaver for example converts his 20 yards of linen into 2 dollars, and then he converts it into a 2-dollar bible.

The linen underwent two separate conversions, via -

linen - 2 dollars - bible

The metamorphosis of the linen is complete. The weaver "sold in order to buy."

This process is indicated by the formula C - M - C

The actual result was--

Commodity for Commodity

or simply C ----- C

Let us consider the first metamorphosis, or sale,

Commodity --- Money

The social division of labor which turns products into commodities also enforces the conversion of those commodities into money.

The weaver, for example, unable to find a bible owner interested in exchanging his bible with 20 yards of linen, must sell his linen in order to be able to buy the bible.

The first phase of the metamorphosis (the sale) is immediately linked with the second phase (the purchase).

Money --- Commodity

The weaver purchases for his 2 dollars the bible.

As seller he exchanged his commodity with gold; as buyer he exchanged his gold with a commodity.

At the starting point the commodity (linen) was not a use value to the owner, but at the finishing point it was.

The metamorphosis is complete.

The total of all the different circuits constitutes the
CIRCULATION OF COMMODITIES.

Here is the difference between barter (exchange of product with product) and the circulation of commodities.

By barter both commodities go out of existence after the transaction of exchange.

In the money circulation the money always remains in the hand of some person.

In the process - Linen - Money - Bible - first the linen steps out of circulation and money steps into its place, then the bible goes out of circulation and again money takes its place. Marx says: "Circulation sweats money from every pore."

It is, of course, childish to follow: Because every purchase is a sale and every sale a purchase, that by this process we have an equilibrium of sales and purchases. No one can sell unless he has a buyer, but no one is forthwith bound to buy because he has just sold. He can keep the money and can wait to buy as he pleases.

If the interval in time between the two complimentary phases of the complete metamorphosis of a commodity becomes too great, there is a possibility for a crisis.

Read page 128, 6th line from above.

How much money is needed?

Marx: "The quantity of money functioning as the circulation medium is equal to the sum of the prices of the commodities divided by the number of moves made by coins of the same denomination. This law holds generally." (p. 135)

If the money is only the reflex of circulation, then it will grow with the rapidity with which commodities exchange their forms.

The total quantity of money functioning during a given period as the circulation medium is determined, on the one hand, by the sum of the prices of the circulating commodities, and on the other hand, by the rapidity with which this process C-M-C goes on.

Coins and Symbols of Value

There are coins and bullions. The only difference between them is the shape. To make coins is the business of the state. The weight of the coins are fixed by laws.

When in circulation the coins wear away. So the function of gold becomes completely independent of the metallic value of that gold. Therefore even things without value, like paper notes, can serve as coins. Only insofar as paper money represents gold it is a symbol of value, and a means of circulation.

Assignment: (1) The process of exchange, (2) The circulation of commodities. Read pp 163 to 196.

SESSION FIVE

The Transformation of Money into Capital

The circulation of commodities is the starting point of capital. Money is the first form in which capital appears. (The money of the merchants in the 16th century). The simplest form of circulation of commodities was:

C ----- M ----- C or

Selling in order to buy.

But along side with this form we find another:

Money - Commodity - Money

M ----- C ----- M

or the transformation of money into commodities and the change of commodities back into money.

Buying in order to sell.

M ----- C C ----- M

The result is: M ----- M (Money for Money)

If we buy for \$100 two thousand pounds of cotton and sell it for \$110, then we have exchanged \$100 for \$110.

It would be stupid to exchange \$100 with \$100 in the process M-C-M.

M-C-M must have as the result the exchange of less money for more money.

Simple circulation: C-M-C started with a sale and ended with a purchase.

THE CIRCULATION OF MONEY AS CAPITAL BEGINS WITH A PURCHASE AND ENDS WITH A SALE.

In the first case the starting point and the goal are commodities. In the second, they are money.

In the first, the medium of exchange was money, in the second it is commodities. In the first case money is in the end converted into a commodity, it is spent once and for all.

In the form M-C-M the buyer lays out money in order that as a seller he may recover money. He did not spend his money, he only advanced it.

The leading motive in this process is more exchange value.

The man who bought two thousand pounds of cotton for \$100 and sold it for \$110 reached this form of exchange: M -- C -- M'

$$\begin{array}{r} M' \text{ equals } M \text{ plus } M \\ 110 \quad " \quad 100 \quad " \quad 10 \end{array}$$

These additional 10 Marx calls Surplus Value (S)

This movement converts money into capital.

Two thousand pounds of cotton are still two thousand pounds of cotton, nothing has changed. But the \$100 are now \$110, or:

$$\begin{array}{r} M \text{ ----- } M' = 110 \\ 100 \quad \quad \quad 10 \end{array}$$

In the course of this process the possessor of money becomes a capitalist.

The expansion of value M --- M' is the subjective aim of every capitalist.

$$M \text{ ----- } C \text{ ----- } M'$$

is therefore in reality the general formula of capital as it appears in the sphere of circulation.

But previously we studied: the equivalent for all commodities is the labor time socially necessary for its production.

We did only recognize the exchange of equivalents.
And where equality exists, there can be no gain.

If we exchange equivalents, then even if one commodity is exchanged above its value, another must be exchanged below its value, but the value as a whole would remain the same.
There is no surplus value.

Circulation does not bring surplus value.

You cannot produce capital in the sphere of circulation.

How then is it possible to buy commodities at their value and sell them at their value and still create a surplus?

This is the problem:

In order to gain surplus value the capitalist has to find a commodity that creates more value than it possesses.

This commodity is labor power which is for sale on the market.

Labor power is the commodity the worker brings to the market. To do so, his labor power must not have any use value to him but only exchange value.

This is why capitalism needs FREE LABORERS.

What does this mean, Free laborers?

Nature does not produce on the one side owners of commodities or money and on the other men that possess nothing but their labor power. This is the result of historical development.

The value of labor power is determined, as is the case of every other commodity, by the labor time necessary for its production and reproduction.

The value of labor power resolves itself into the value of a definite quantity of the means of subsistence. It therefore varies with the value of these means.

If six hours are necessary to produce the necessities for the production and reproduction of the worker, then six hours are daily necessary for the production of labor power.

If six hours social labor are incorporated in three dollars then three dollars express the value of one day of labor.

MODIFICATION OF THE GENERAL LAW

The consumption of labor power is at one and the same time the production of commodities and of surplus value.

- Speakers' Assignment:
- 1) Transformation of Money into Capital.
 - 2) Buying and Selling of Labor Power.

Reading Assignment: pp. 197 to 255
The Production of Surplus Value.

QUESTIONS

- 1) From what two angles do we have to look at value?
Use value and exchange value.
- 2) The twofold character of value is determined by
quantity and quality.
- 3) What does quantity represent, and what does quality represent?
Quantity equals exchange value, and quality equals use value.
- 4) Must every exchange value have use value? Yes.
- 5) Must every use value have exchange value? No.
- 6) What kind of value is represented by the bodily material form of a commodity? Use.
- 7) What kind of value expresses a social relation? Exchange.
- 8) Capitalist production is production for exchange value.
- 9) What is the measurement of exchange value? Labor time.
- 10) What kind of labor do we deal with as the measurement?
Simple, abstract.
- 11) What effect has the development of the productive power in relation to value? Increases use value and decreases exchange value.
- 12) The production of 5 tons of coal takes 5 hours of labor; the production of 10 yards of linen takes 1 hour of labor; Then we exchange 5 tons of coal with? (50) yards of linen.
- 13) What is the value form of all commodities? The money form.
- 14) Is: 20 yards of linen = 20 yards of linen, a value expression? No.
- 15) Is: 20 yards of linen = 1 coat, a value expression? Yes.
- 16) In what position does linen stand here to coat? Relative value.
- 17) Is the coat the equivalent form? Yes.
- 18) How is the linen measured? By its relative value to the coat.
- 19) An equivalent for all commodities becomes the medium of exchange, and is then? Universal medium.

- 20) The universal equivalent is? Money.
- 21) Money is the? Universal equivalent.
- 22) When we speak of money we speak of? Gold.
- 23) Does a change in the value of gold affect its function as a standard of measurement? No.
- 24) The standard of gold is? Its Weight.
- 25) If one quarter of wheat costs \$15, then \$15 is only the name for a certain weight of gold.
- 26) If \$15 expresses the value of one ounce of gold, then we exchange one quarter of wheat for one ounce of gold.
- 27) Because: to produce one ounce of gold we needed the same amount of labor time as for the production of one quarter of wheat.
- 28) Simple circulation is expressed by the formula: C - M - C
Selling in order to buy.
- 29) Money is here the medium of exchange, to make C-M-C possible.
- 30) Is hoarding of money necessary? Yes.
- 31) The capitalist form of circulation is: M - C - M
Buying in order to sell. The result is M - C - M'.
- 32) In capitalist circulation the starting point and the goal are: Money. Money is here the capital.
- 33) The circulation of money as capital has as a starting point and goal: Money.
- 34) The money is here not spent, it is only advanced.
- 35) \$100 buy 2000 lbs. of cotton, and this cotton is again sold for \$110. M ----- C ----- M'. The ten dollars are then surplus value.
- 36) Can there be a surplus by the exchange of equivalents? No.
- 37) Can a surplus be gained in the sphere of circulation? No.
- 38) In order to obtain surplus value the capitalist has to find a commodity on the market that gives more value than it receives.
- 39) This commodity is labor.
- 40) The value of labor power is determined by the reproduction cost.
- 41) Does it differ here with any other commodity? No.
- 42) If 6 hours of social labor are incorporated in \$3, and \$3 are enough to produce and reproduce the labor power of a worker, then the value of one day is expressed by \$3.-

SESSION SIX

The reading assignment for the last week covered 58 pages, from p. 197 to p. 255. We had two speakers assigned: they will deal with the subject discussed in the last session.

The first speaker will illustrate "The Transformation of Money into Capital." The second speaker will elaborate on "The Buying and Selling of Labor Power."

Make necessary corrections. Repeat the important points and then introduce the new chapter.

THE PRODUCTION OF SURPLUS VALUE

The capitalist buys labor power in order to use it, and labor power in use is labor itself.

What the capitalist makes the laborer produce is a particular use value, a specified article, a commodity for the market. Labor is, in the first place, a process in which both men and nature participate.

Man sets his body in action to appropriate from nature what he needs for his specific wants.

Human labor is different from labor of other species.

A spider makes a good net, and a bee a good cell, but what differentiates human labor from this is the fact that a human being creates his work in his imagination before he erects it in reality. Nature gives man only the raw material for his work. This raw material is at the same time the material for the tools man needs.

Franklin defines man as a tool making animal.

If we want to understand the past, we not only have to seek for the bones of the fossils, but the past of society can best be understood by looking at the tools that were used.

It is not the articles made, it is how they are made, and by what instruments that enables us to distinguish different economic periods. They show us at the same time the social condition under which labor was carried on.

(Illustrate with the pyramids in Egypt, the cabins, the Empire State Building, etc.).

Products are not only results but also essential conditions of labor because one follows the other.

The means of production in the capitalist society are:
Raw materials, all the ways and means of transportation, machines and tools.

A machine as well as all other things which do not serve the purpose of labor are useless.
It will decay: iron rusts, wood rots away.

Labor has to give them life.

Let us follow a capitalist in his transactions.

He buys labor on the market. He also buys the means of production. Then he consumes the labor power.

The laborer works under the control of the capitalist; the capitalist takes care that the work is done properly so that the means of production are not spoiled or wasted.

The product belongs to the capitalist; not to the real producer, the worker.

The labor process is a process between things that the capitalist has purchased and things that have become his property.

The capitalist produces use values: shoes, hats, etc.

His aim, however, is to produce not only use values, but commodities; not only use value but value; not only value but surplus value. (remember: $M \rightarrow C \rightarrow M'$)

Therefore, the process must be one of creating surplus value.

We know that the value of each commodity is determined by the quantity of labor expended on and materialized in it, by the working time necessary, under given social conditions, for its production. This rule holds good, too, under the capitalist mode of production for surplus value.

Let us say a capitalist has an end product of 10 lbs. of yarn. We have to find out what quantity of labor is realized in it.

Suppose we need 10 lbs. of cotton for spinning the yarn.

The capitalist has bought these 10 lbs. of cotton for, say, \$10. (He bought the cotton for its value - the price of labor required for the production of his cotton is also already expressed.)

The wear and tear of his machines (spindle) will cost him for the production of 10 lbs. of yarn, say, \$2.

That means he produces

20 lbs. of yarn and will sell these 20 lbs. for 30 dollars.

Now let us look at this process:

20 lbs. of cotton	\$20	48 hours or 2 days labor
use of machinery	\$ 4	
<u>12 hours for spinning</u>	<u>\$ 3</u>	<u>12 hours or 1 day labor</u>
	\$27	60 hours of labor or 5 days
he sells it for	\$30	
Surplus	\$ 3	

He started out with \$27, produced \$30
M ----- C ----- M!

The value he has now is 1/9 larger than the advanced value.

Money has been converted into capital.

Equivalent has been exchanged for equivalent.

The capitalist paid for everything he bought the full value.

The process of creating surplus value is nothing else but the continuation of the production of value beyond a definite point.

6 hours no surplus, 12 hours \$3 surplus.

Constant and variable capital (Chapter 8).

Surplus labor creates surplus value (6 hours more).

The values of the means of production used up in the process are preserved, and present themselves as a part of the newly created product.

In 20 yards of yarn are presented \$4 of spent machinery (wear and tear).

The value of the means of production is transferred to the product

This transfer is brought about by labor. But how?

By the very act of producing new values, he preserves their former value.

Each use value in the labor process disappears, only to reappear under a new form in a new use value. Cotton is gone, the spindle is gone, the work is gone, but yarn is there which has all these things incorporated in itself.

If we apply in this process the Development of the productivity of labor then we have this result:

The longer the time necessary to spin a given weight of cotton into yarn, the greater is the new value added to the material. The greater the weight of the cotton spun in a given time, the greater is the value preserved; by being transferred from it to the product.

If, due to some invention, we can spin in six hours the same amount of cotton we have spun before in 36 hours, then the product of 6 hours labor has increased 6 times 6. But the value is now only 1/6 of its former value.

The product, however, that is preserved and transferred into the new product is six times greater.

How is the value of machinery and raw material transferred to the new product?

Some raw material, coal, oil, etc. vanish as use values at once. Others (tools, machinery, etc.) only partly.

During the working time the machine's use-value vanishes and by this its exchange value is slowly but completely transferred to new products.

If a spinning machine lasts 10 years, its total value is gradually transferred to the products during 10 years.

Means of production never transfer more value to the product than they themselves lose during the labor process by the destruction of their own use value.

A machine is worth \$1000 and lasts 1000 days, then \$1 a day will be transferred as value to the product.

The means of production can never add more value to the product than they themselves possess independent of the process in which they assist.

That part of capital, then, which is represented by the means of production undergoes no quantitative alteration of value.

That is why Marx called it the constant part of capital, or shortly the constant capital (c).

The other part of capital that is represented by labor power reproduces the equivalent of its own value and also a surplus value. This part makes capital bigger, enables the change from less to more.

That is why Marx called it the variable part of capital, or briefly, variable capital (v).

The Rate of Surplus Value. (Chapter 9)

Capital "C" is made up of two components, one, the sum of money laid out upon the means of production, and the other, the sum expended upon labor power (wages) "V".

C ----- constant capital, V ----- variable capital.

we have first: C = c - v
500 = 410 - 90

When the process of production is finished we have:

$$\begin{array}{rcl} c & v & s \\ 410 & 90 & 90 \end{array} = 590$$

The original capital has now changed from:

$$\begin{array}{rcl} C & : & C \\ 500 & : & 590 \end{array}$$

The difference is s or surplus.

$$\begin{array}{rcl} C & : & c - v \\ 500 & & \end{array} \quad \text{-----} \quad \begin{array}{rcl} C & : & c - v - s \\ 590 & & \end{array}$$

s : 90 expresses the absolute quantity of surplus value produced.

The relative quantity produced, or the increase per cent of the variable capital, is determined by the ratio of the surplus value to the variable capital, or is expressed in the formula: $\frac{s}{v}$

In our example this ratio is $\frac{90}{90}$

which gives an increase of 100%, or a rate of surplus of 100%.

(Remember, the variable part alone creates surplus, so from here alone the rate of surplus value can be drawn.)

A worker gets for 6 hours \$3 and creates his life necessities by that. The 6 hours were necessary to enable him to live. He would, even without working for a capitalist, be forced to work 6 hours in order to make his living. This time we will call necessary labor. In this relation he would be of no value for the capitalist. But during the other 6 hours in which he is giving surplus labor, he is creating surplus value. This is surplus labor time.

The essential difference between the various economic forms of society, for instance, between a society based on slave labor, and one based on wage labor, is that in each case it is extracted from the actual producer, the laborer, ^{surplus labor} in a different form.

Thus the rate of surplus value is determined by the rate of surplus labor.

$$\frac{s}{v} : \frac{\text{surplus labor}}{\text{necessary labor}} \quad \text{both express the same thing in different ways.}$$

The rate of surplus value is therefore an exact expression for the degree of exploitation of labor power by capital, or of the worker by the capitalist.

$$\frac{s}{v} : \frac{90}{90} : 100\% : \frac{\text{Surplus labor}}{\text{Necessary labor}} : \frac{6 \text{ hours}}{6 \text{ hours}} : \frac{\$ 3}{\$ 3}$$

The laborer here works half the day for the capitalist, the other half for himself.

Example of production for profit: (p.243)

Spinning mill

10,000 spindles producing 10,000 lbs. of yarn weekly.

6% waste, consumption: 10,600 lbs. of cotton weekly.

10,000 spindles cost \$10,000 They are good for ten years.
So they cost yearly \$1,000, weekly ----- \$20.

Use of machinery weekly	\$20
10,600 lbs. of cotton	342
Rent weekly	6
Coal, gas, oil, etc., weekly	10
Constant capital weekly	378
<u>Wages (variable capital, weekly)</u>	<u>52</u>
Cost of production	\$ 430

The price for yarn is: 10,000 lbs.	\$510
Cost of production	430
surplus value	\$ 80

Constant part of capital cannot create surplus value.

So we put c.C : 0
v.V : 52 + 80 surplus
132 weekly created value.

The rate of surplus value: $\frac{80}{52} : 153\%$

In a working day of 10 hours the result is: (roughly)
necessary labor: 3 1/2 hours : surplus labor : 6 1/2 hours.

Since the production of surplus value is the chief aim of capitalist production, all wealth must be measured by the quantity of extracted surplus value.

Speakers' assignment for session six: 1) The production of surplus value, 2) Constant and variable capital, 3) The rate of surplus value. Reading assignment: pp. 255-341.

SESSION SEVEN

In our last session (pp.197-255) we dealt with the production of surplus value, constant and variable capital and the rate of surplus value.

Assignments were given to three speakers.

The first speaker will deal with the production of surplus value. Surplus value is nothing but surplus labor time. By working more than is necessary surplus labor and surplus value is created.

The second speaker will speak about constant and variable capital. Constant capital: means of production, raw material, tools, machinery. Variable capital: wages. Only variable capital can create surplus value. The value of the constant capital is transferred to the new product.

The last speaker will speak about the rate of surplus value. The rate of surplus value shows the rate of exploitation; necessary labor time and surplus labor time. Another expression for the same thing. $90:90 = 100\% = 6 \text{ hours}:6 \text{ hours} = 100\%$.

$$\frac{\text{Surplus labor time or surplus value}}{\text{Necessary labor or variable capital}}$$

The working day: p.255.

We started with the assumption that labor power is bought and sold at its --- ? --- Value.

6 hours necessary, 6 hours --- ? --- Surplus labor time.

Here a given quantity of time determines the rate of surplus value as well as the value of labor power.

BLACKBOARD: Let us take three different working days,

A ---6--- B $\frac{1}{3}$ C
7 hours

A ---6--- B $\frac{3}{3}$ C
9 hours

A ---6--- B ---6--- C
12 hours

Rate of surplus value
16 $\frac{2}{3}$

50%

100%

The rate of surplus value alone would not give us the length of the working day. If the rate was 100%, it still would not tell us whether the working day was 8, 12 or 16 hours.

The working day is a variable quantity.

But it has its limits, absolute limits. A -----BC, then surplus labor is C. Without surplus value no capitalist production is possible. If all labor time is necessary, no profit is possible.

The working day has a maximum limit, too. No man can work 24 hours at all times.

Difference of working days.

More time for recreation is required for better work, time to study, etc. That is the reason for shortening the working day, not only through the struggle.

The capitalist bought the laborer for the whole day at his value.

But what is a working day? It must be less than the natural day.

However, because profit is the only aim of capitalist production, the capitalist must by all means try to get as much surplus labor out of the worker as possible.

Marx: "Capital is dead labor, that vampire-like, lives only by sucking labor; the more it sucks the more it lives". p.257.

The capitalist does so by way of exchange of value with value. He pays with the value of a working day. But what is a working day?

Marx reconstructs a leaflet the workers used during a strike in England in 1860 which said that, if the worker lives 30 years, then the value of his labor power would be:

$$\frac{1}{365/30} \quad \text{or} \quad \frac{1}{10950}$$

of its total value.

But if the capitalist works his laborer to death then, in perhaps 10 years, it would not be: $\frac{1}{10950}$ but $\frac{1}{3650}$

or only 1/3 of its daily value. 2/3 are robbed by the capitalist. Here the capitalist pays for one day and uses three.

Marx: "In the history of capitalist production the determination of what is a working day presents itself as the result of a struggle, as a struggle between collective capital and the working class." p.259.

Capital has not invented surplus labor.

Marx: "Wherever a part of society possesses the monopoly of the means of production, the laborer free or not free, must add to the working time necessary for his own maintenance an extra working time in order to produce the means of subsistence for the owners of the means of production." p.259

In the feudal system the serf worked 3 days on his own field and 3 days on the field of the feudal lord.

In capitalism this time is not so distinct anymore.

The worker does not work six hours every day for the capitalist, and six hours for himself, but the surplus labor and the necessary labor combine with each other.

We can express the surplus labor just as well by saying, he works 30 seconds for himself and 30 seconds for the capitalist.

Sternberg's theory is: "If there were less laborers, exploitation would not be possible. The capitalist would have to bid so high that no surplus could be derived." This theory is unsound.

Private property and private ownership of the means of production is "the thing that counts", which makes exploitation possible.

The working day and the crisis.

Marx: "Crisis during which production is interrupted and the factories work "SHORT TIME" for only a part of the week, naturally do not affect the tendency to extend the working day. The less business there is, the more profit has there been made on the business done. The less time spent in work, the more of that time has to be turned into surplus labor time."

Marx gives the history of the exploitation of men, women and children in English industry. See Engels "Situation of the laboring class in England."

Night work: Constant capital, the means of production, considered from the standpoint of production of surplus value, only exist to absorb labor. Every working hour brings profit. So the tendency of capital is to have workers at the machines all the time, 24 hours if possible.

The capitalist does not care for the life of the worker. And the slave holder did not care for the slave either, as soon as the slave was exploited for the market. Seven years of slave exploitation was more profitable to the slave owner than the lifetime work of the slave. The capitalist who worked the English bakers to death, always found other workers on the market from Poland or Germany. They were born faster than they died.

Capitalism has its own law of population.

Birth control. Bonus for the birth of the 8th child, etc. Killing of workers, stagnation of population through crisis, will be practiced as long as it is profitable.

The class struggle was a fight for the 16 hour day instead of the 18 hour, and for the 12 hour instead of 16 hour day. And when the workers had the 12 hour day the capitalist said that it would be impossible to make a profit that way. They fought in the interest of the human race and in the name of good doing against the shortening of the working day.

The 8 hour struggle in the U.S.A., Haymarket Affair.

Marx gives us the history of the struggle for the shortening of the working day. The French February Revolution was necessary to bring about the 12 hour day in France.

Marx: "In the United States every independent movement of the workers was paralyzed so long as slavery disfigured a part of the Republic. Labor cannot emancipate itself in the white skin where in the black it is branded."

Chapter 11

Rate and Mass of Surplus Value.

We now know that the working day determines the rate of surplus value. We said a worker has to work (as in our example) 6 hours for himself and six for the capitalist. The rate of surplus value would be 100%: six hours necessary labor plus six hours surplus labor for the capitalist.

If the six hours necessary labor were expressed in a quantum of gold, six = \$3, then \$3 is the value of the daily labor power of one worker. By hundred workers it would be \$300. A factory with 100 workers would daily need \$300 variable capital.

The mass of surplus value, too, would then be \$300, if we express it in gold.

Marx: "The mass of surplus value produced is therefore equal to the surplus value which the working day of one laborer supplies, multiplied by the number of laborers employed". p.331.

In our example the rate and the mass of surplus value is the same. The mass is \$300, the rate 100%.

If the rate of surplus value would amount to 50% only, then the mass of surplus value, with the same amount of laborers, would be \$150 or 100 laborers producing instead of six hours only three hours surplus value. If the rate of surplus value is 200%, the mass would be \$600, or the 100 workers would have to work 12 hours surplus labor.

If the capitalist would get rid of 50 workers, he would start out with \$150 variable capital. He could get the same amount of surplus by lengthening the working day.

300 variable capital : 100 workers
50% surplus rate: \$150
150 variable capital : 50 workers
100% surplus rate: \$150

Intensification of work due to the development of machinery. We will deal with the problem of all these variations when we take up relative surplus value.

At present we must take notice of this tendency:

The rate of surplus value has its limits, as well as the mass of surplus value.

In the chapter on accumulation of capital --which is most important-- we will deal with this difference between the rate and the mass of profit thoroughly. Today we will deal with it only briefly.

\$300 variable capital - 100 workers - 18 hour working day -
rate of surplus value 200%

This produces a mass of surplus value of \$600 or 12 x 100 working hours.

It can never reach \$1200 or 24 x 100 working hours.

The absolute limit of the average working day is by nature always less than 24 hours. This sets an absolute limit to the compensation or the reduction of variable capital by a higher rate of surplus value.

It is one of the main contradictions of capital to reduce as much as possible the number of laborers employed by it, or its variable part, and the tendency to produce as much as possible surplus value.

The greater the variable capital, the greater would be the mass of value and surplus value. If the limit of the working day is given, the mass of value and surplus value is only dependent upon the mass of labor that is in motion.

With a given rate of surplus value and a given value of labor power the mass of surplus value produced therefore varies directly in accordance with the amount of the advanced variable capital.

We know that the constant part does not create value but only transfers its value to the new product.

So there stands as a law:

That the mass of value and the surplus value produced by different capitalists, the value of labor power being given and its degree of exploitation being equal, vary directly as the amounts of the variable constitute parts of these capitals.

The labor which is set in motion by the total capital of a society may be regarded as a single collective working day. The number of workers as a million and the working day (average) of a laborer 10 hours, then the social working day would consist of 10 million hours.

Here the mass of surplus value can only be increased by increasing the number of laborers. The growth of the population is here the limit to the production of surplus value by the social capital.

By this it follows that not every sum of money can be transformed into capital. There is a minimum, a certain limit a man must possess, before he can start production for profit.

The minimum of variable capital is the cost price of a single laborer, employed for the production of surplus value. To make a living, the capitalist would have to exploit this laborer 100%, and then he could only live like the laborer. If he would like to live twice as good as the laborer, he must advance twice as much capital.

In order to prevent the guild masters in the middle ages from becoming capitalists, they were forbidden to hire more laborers which would have brought them more surplus value.

So the possessor of money or commodities actually became a capitalist in such cases only where the minimum sum advanced for the production greatly extended the maximum of the middle ages.

Here the Hegelian Dialectics show again that "Quantitative differences beyond a certain point pass into qualitative changes".

The minimum of capital to start with changes with different stages of development.

Some spheres of production need so much money for the start that no individual has enough to tackle his alone. This explains the state subsidies and the joint stock companies.

Reading assignment: pp. 342-404.

Speakers' assignment: 1) The working day, 2) Struggles for the shortening of the working day, 3) Rate and mass of surplus value.

SESSION EIGHT

The reading assignment for the last week covered 62 pages (342-404)

We dealt with the working day, struggles for the shortening of the working day, and we took up the question of the rate and mass of surplus value.

Assignments were given to three speakers. The first speaker will deal with the working day; the second will tell us something about the struggle for the shorter working day, and the third will deal with the rate and mass of surplus value.

The working day is a variable quantity but it has its absolute limits.

Question: What are these limits?

Maximum limit: The working day cannot be more than 24 hours.

Minimum limit: The necessary labor time.

Surplus value is nothing but surplus labor time.

Question: Suppose, the necessary labor time remains constant, what has the capitalist to do to raise his profit?

Question: What could he do during a crisis in relation to the working day?

Question: Why was the class struggle in the upward swing of capitalism a fight for the shortening of the surplus labor time? What was the result of this struggle?

Second speaker: The fight for the 12 and 8 hour day.

Question: Can the class struggle still center around the issue of shorter hours?

Third speaker: Rate and mass of surplus value.

The working day determines the rate of surplus value:

A ---- B - C	A ---- B -- C	A ---- B ---- C
16 2/3%	50%	100%

Example:

	6	6	
	A -----	B -----	C
\$300 variable capital	-	\$300 Surplus value	= 100%
\$300 variable capital	-	\$150 surplus value	= 50%
\$300 variable capital	-	\$600 surplus value	= 200%

Example: 300 v - 100 workers - rate of surplus 50% = \$150
 150 v - 50 workers - rate of surplus 100% = \$150 surplus plus value

Limits:

300 v	-	100 workers	-	rate of surplus	0%	-	\$00	s v
300 v	-	100	"	"	"	"	200%	\$600 s v
300 v	-	100	"	"	"	"	300%	\$900 s v
300 v	-	100	"	"	"	"	400%	\$?

For 400% there would be necessary a day of 30 hours which is impossible.

If the worker would work 30 hours then he would have created \$1200.

What has to be done to get this amount of money?

600 v	-	200 workers	-	rate of surplus	200%	-	\$1200	s v
1200 v	-	400	"	"	"	"	100%	\$1200 s v
2400 v	-	800	"	"	"	"	50%	\$1200 s v
4800 v	-	1600	"	"	"	"	25%	\$1200 s v
9600 v	-	3200	"	"	"	"	12 1/2%	\$1200 s v

Give hourly proportion between necessary labor and surplus labor.

With a given rate of surplus value and a given value of labor power, the mass of surplus value produced therefore varies directly as the amounts of the advanced variable capital vary.

9600 v	-	3200 workers	-	rate of surplus	200%	-	\$19200	s v
4800 v	-	1600	"	"	"	"	100%	\$4800 s v
2400 v	-	800	"	"	"	"	50%	\$1200 s v
1200 v	-	400	"	"	"	"	25%	\$300 s v
600 v	-	200	"	"	"	"	12 1/2%	\$75 s v

The mass of value and surplus value produced by different capitals --the value of labor power being given and its degree of exploitation being equal-- varies directly as the amounts of the variable parts of these capitals.

Not every sum can be transformed into capital.

The Minimum: The cost price of a single laborer. To live twice as good as the laborer, employing two laborers is necessary.

Explain why the guild master in the Middle Ages could not become a capitalist?

The possessor of money or commodities actually turns into a capitalist in such cases only where the minimum sum advanced for the production exceeds the maximum of the Middle Ages.

Hegelian Dialectics: Change from quantity to quality.

Question: Explain joint stock companies, State railroads, etc.

Part IV, Chapter XII.

Until now we have dealt with absolute surplus value - which means that surplus value is determined by surplus labor only.

That portion of the working day which merely produces an equivalent, and not the value paid by the capitalist for the labor power, is always looked at as the constant part of capital.

A ----- B - C A ----- B -- C A ---- B ---- C

What varies here is the surplus labor time. B ---- C .

Now let us assume that we have a given working day of 12 hours.

A -----¹⁰----- B ²----- C
 n.l. s.l.

The length of A ----- C may be given. We assume that we cannot change anything. The only possibility to lengthen here or increase the surplus, would be to move B towards A.

A -----B -----B -----C

The extension of the surplus labor time forced us to take some time away from the necessary labor time.

We, then, have an alteration, not in the length of the working day, but in its division into necessary and surplus labor time.

But we claimed at first that the workers are paid for their value and so there must be a drop in the value of labor power to make this possible.

We will hold to the proposition that all commodities, including labor power, are bought and sold for their value.

The fall in the value of labor power is only possible when the same necessities of life which were formerly produced in 10 hours could now be produced in 9 hours. This is only possible with an increase in the productivity of labor. But we have learned already that the productivity of labor power increases use values and decreases values.

The increase in the productivity of labor is an alteration in the labor process that shortens the time socially necessary for the production of commodities. A given quantity of labor must produce a greater quantity of use values. With that the value drops.

The technical and social conditions, the mode of production, must be revolutionized before the productivity of labor can increase.

Marx called the surplus value produced by prolongation of the working day: absolute surplus value.

The surplus value produced by shortening the necessary labor through the development of the productivity Marx called: relative surplus value.

An increase in the productivity of labor in those branches of industry which supply neither the necessities of life nor the means of production required for the production of the necessities of life leaves the value of labor power undisturbed, such as diamonds, wax flowers, playing cards, etc.

The capitalists do not cheapen the commodities consciously by increasing the productivity of labor.

Marx: (p.347) "It is not our intention to consider here the way in which the laws, eminent in capitalist production, manifest themselves in the movements of the individual masses of capital where they assert themselves as coercive laws of competition, as they appear in the mind of the capitalist. You could not understand competition before having a conception of the inner nature of capitalism. And this inner law is to be found without taking competition into consideration. They are already based on the theory of value."

But let us take a look at competition and find out what the creation of relative surplus value means in relation to competition.

Example:

1 hour of labor - \$1
1 day of 12 hours - \$12
12 hours of labor can produce 12 shirts.
The price of one shirt is \$2, 12 shirts - \$24
\$6 are formed into shirts from the constant part of capital
(material, etc.)

The rate of exploitation is 50%.

By selling 12 shirts the capitalist makes a surplus of \$6.

Through some invention he raises the productivity of labor 100%.

1 hour of labor is still \$1, 12 hours - \$12.
But now 24 shirts are produced instead of 12.
The price of the shirt is still \$2.
\$12 are now transferred into the shirts from the constant
part of capital.

If he sells all 24 shirts he has a surplus of \$24.

At first it took this capitalist 1 hour to produce one shirt. Now it only takes him $\frac{1}{2}$ hour. If he is able to sell all shirts, he makes \$24 instead of \$6, during one day.

But now he has to find a market for 24 shirts instead of for 12. His wish does not make the market larger to absorb his 24 shirts. All the other producers of shirts who have not applied the new invention still produce only 12 shirts during the day.

We learned already that the real value of a commodity is not its individual value but its social value. The real value is not measured by the labor time that the article in each case costs the individual producer, but the labor time socially required for its production.

Questions

If this capitalist could get rid of his 24 shirts at the "social price" of \$2 each, he would sell his shirts over their value, over their production price. In this case, $\frac{3}{4}$ over their value.

However, in order to get rid of his shirts he has to take the market away from others. But if the possibilities of the market are the same, then in order to get rid of 24 shirts, he must sell cheaper than the others. He has to sell the shirts, even if he sells them over their individual value, under the social value. He will sell the shirts for $\$1\frac{1}{2}$ each! Then he will get only \$36 for his 24 shirts. He still has twice as much surplus as before (\$6), but at the same time he sells the shirts below their value (social value).

Now, the other capitalists will be forced to apply the same method and in the long run the shirts will again be sold at their social value. There is an individual motive in every capitalist to cheapen his commodities by increasing the productivity of labor. And in this process which is applied to every commodity, the value of labor power is decreasing with the increase in use values.

This increased production of surplus value arises from the curtailment of the necessary labor time and from the corresponding prolongation of surplus labor.

A -----B -----C

Relative surplus value rises and drops with the productivity of labor

Marx: "The object of all development of productivity of labor, within the limits of capitalist production, is to shorten that part of the working day during which the workman must labor for his own benefit, and by that very shortening to lengthen the other part of the day during which he is at liberty to work gratis for the capitalist." p.352.

We have already seen that capitalist production can really begin only when there is a possibility to exploit many laborers, and when there is enough capital on hand to do so.

a greater number of workers working together in one place, in order to produce the same sort of a commodity under the mastership of the capitalist, constitutes, historically and logically, the starting point of capitalist production.

The development of production from the middle ages to capitalism was at first only a change in quantity: more money was necessary to hire more laborers and the enlarging of the workshop of the master craftsman.

The number of workers did not, as we have seen, affect the rate of surplus value but the mass. But the mass of surplus value varies with the number of workers employed. If a capitalist employs one laborer who may be an efficient worker, the capitalist makes a good profit. Another worker may not be as good and therefore the capitalist would make less profit on him. But if many workers are employed, the question is no longer that of good or bad workers, but their labor is figured on the average. If one worker is more efficient than another, then the average amount of work they perform is neither good nor bad. If one worker puts out four shirts during the day and the other worker produces six, they both produce 10, or an average of 5 shirts each.

Cooperation of labor is necessary in capitalist production.

Example; also give illustration.

A bigger capitalist can produce more economically and cheaper. Not only a minimum for variable, but also a certain minimum for constant capital is necessary to produce successfully in a capitalist way. This is why the big capitalist can eliminate his smaller competitor. Later on we will see that even in competition there are fundamental contradictions.

Cooperation is combined with division of labor.

In Chapter XIV, Marx gives a good illustration of the development and consequent results of the division of labor and manufacture. (Use the stockyards and the Ford Motor Plant as examples in illustrating the latest results in the division of labor. In the beginning one worker produced the complete product. The modern worker, on the other hand, performs only one operation in the large factories where mass production is carried on).

The result of the labor of the one worker in a large factory is the starting point of the labor of another. Since the Collective laborer has functions both simple and complex, the individual laborer requires different education and must therefore have different values, or higher and lower wages.

Division of labor in society.

It develops in a factory in the same way as it develops in society as a whole, but here it finds its limits in the private property relations and can only be freed in a communist society. The anarchy is slowly vanishing, but cannot be done away with completely in capitalist society. (A capitalist planned economy is not possible).

Reading assignment: Pages 405-556.

First speaker:	Relative surplus value.
Second "	Cooperation and division of labor.
Third "	Division of labor in manufacture and in society.

SESSION NINE

Session Eight, pages 342 to 404 dealt with Relative Surplus Value, Cooperation and Division of Labor, Division in Manufacture and in Society.

Three speakers were assigned. The first will speak on the conception of relative surplus value. The second on the cooperation in capitalist production. The third speaker will tell us something about the division of labor in manufacture and in society.

The machine is a means for producing surplus value.

In the beginning of capitalism, in manufacture, the revolution in the mode of production began with labor-power. Cooperation and division of labor is only a process of arrangement of work and workers.

The revolution in the mode of production in modern industries has its beginning in the development of the instruments of labor.

The machine is a mechanism, performing the same operation that was formerly done by workmen.

Marx describes the development of the machine. It has grown out of the old tools. A pump was still a pump, but driven by an engine instead of by arm-power.

The machine develops the machine. So came the production of machines by machines. (World market, mass production, from one process to another).

The productive forces resulting from cooperation and division of labor costs capital nothing. (Question). They are the natural forces of social labor. The arrangement of production is an example.

Machinery, as all the other parts of constant capital, neither creates nor adds value to the new product.

So instead of becoming cheaper, the products of the machine should be dearer, as these contain part of the value of the machine.

The machine, though always entering as a whole in the laboring process, enters in the value begetting process only partially. On an average, by wear and tear, it never adds more value than it loses.