

G4984

PRICE ONE PENNY.

Wage-Labour and Capital,

BY KARL MARX.

Translated by J. L. JOYNES,

Author of "ADVENTURES OF A TOURIST IN IRELAND," "THE
SOCIALIST CATECHISM," "SOCIALIST RHYMES."

NEW AND CHEAPER EDITION.



THE MODERN PRESS, 13, PATERNOSTER ROW, LONDON, E.C.

Agent for U.S.A., W. L. ROSENBERG, 261, East Tenth St., New York City.

1886.

THE SOCIAL-DEMOCRATIC FEDERATION.

OBJECT.

The Establishment of a Free Condition of Society based on the principle of Political Equality, with Equal Social Rights for all and the complete Emancipation of Labour.

PROGRAMME.

1. All Officers or Administrators to be elected by Equal Direct Adult Suffrage, and to be paid by the Community.
2. Legislation by the People, in such wise that no project of Law shall become legally binding till accepted by the Majority of the People.
3. The Abolition of a Standing Army, and the Establishment of a National Citizen Force; the People to decide on Peace or War.
4. All Education, higher no less than elementary, to be Free, Compulsory, Secular, and Industrial for all alike.
5. The Administration of Justice to be Free and Gratuitous for all Members of Society.
6. The Land with all the Mines, Railways and other Means of Transit, to be declared and treated as Collective or Common Property.
7. Ireland and all other parts of the Empire to have Legislative Independence.
8. The Production of Wealth to be regulated by Society in the common interest of all its Members.
9. The Means of Production, Distribution and Exchange to be declared and treated as Collective or Common Property.

As measures called for to palliate the evils of our existing society the Social-Democratic Federation urges for immediate adoption:—

The Compulsory Construction of healthy artizan's and agricultural labourers' dwellings in proportion to the population, such dwellings to be let at rents to cover the cost of construction and maintenance alone.

Free Compulsory Education for all classes, together with the provision of at least one wholesome meal a day in each school.

Eight Hours or less to be the normal working day in all trades.

Cumulative Taxation upon all incomes above a fixed minimum not exceeding £300 a year.

State Appropriation of Railways, with or without compensation.

The establishment of National Banks, which shall absorb all private institutions that derive a profit from operations in money or credit.

Rapid Extinction of the National Debt.

Nationalisation of the Land, and organisation of agricultural and industrial armies under State control on Co-operative principles.

As means for the peaceable attainment of these objects the Social-Democratic Federation advocates:

ADULT SUFFRAGE. ANNUAL PARLIAMENTS. PROPORTIONAL REPRESENTATION. PAYMENT OF MEMBERS; AND OFFICIAL EXPENSES OF ELECTION OUT OF THE RATES. ABOLITION OF THE HOUSE OF LORDS AND ALL HEREDITARY AUTHORITIES. DISESTABLISHMENT AND DISENDOWMENT OF ALL STATE CHURCHES.

Membership of Branches of the Federation is open to all who agree with its objects, and subscribe One Penny per week.

Those ready to form Branches should communicate with the

Secretary, Social-Democratic Federation, Bridge House, Blackfriars, E.C.

WAGE-LABOUR AND CAPITAL.

What are wages, and how are they determined?



If we were to ask the labourers, "How much wages do you get?" one would reply, "I get a couple of shillings a day from my employer;" another, "I get half-a-crown," and so on. According to the different trades to which they belong, they would name different sums of money which they receive from their particular employers, either for working for a certain length of time, or for performing a certain piece of work; for example, either for weaving an ell of cloth, or for setting up a certain amount of type. But in spite of this difference in their statements there is one point in which they would all agree: their wages are the amount of money which their employer pays them either for working a certain length of time, or for a certain amount of work done.

Thus their employer buys their work for money. For money they *sell* their work to him. With the same sum for which the employer has bought their work, as for instance, with a couple of shillings, he might have bought four pounds of sugar, or a proportionate amount of any other wares. The two shillings with which he buys the four pounds of sugar, is the price of four pounds of sugar. The two shillings with which he buys labour for twelve hours, is the price of twelve hours' work. Work is therefore as much a commodity as sugar, neither more nor less, only they measure the former by the clock, the latter by the scales.

The labourers exchange their own commodity with their employers—work for money; and this exchange takes place according to a fixed proportion. So much money for so much work. For twelve hours' weaving, two shillings. And do not these two shillings represent two shillings' worth of all other commodities? Thus the labourer has, in fact, exchanged his own commodity—work, with all kinds of other commodities, and that in a fixed proportion. His employer in giving him two shillings, has given him so much meat, so much clothing, so much fuel, light, and so on, in exchange for his day's work. The two shillings, therefore, express the proportion in which his work is exchanged with other commodities—the exchange-value of his work; and the exchange-value of any commodity expressed in money is called its price. Wage is, therefore, only another name for the price of work—for the price of this peculiar piece of property which can have no local habitation at all except in human flesh and blood.

Take the case of any workman, a weaver for instance. The employer supplies him with thread and loom. The weaver sets to work, and the thread is turned into cloth. The employer takes possession of the cloth and sells it, say for twenty shillings. Does the weaver receive as wages a *share* in the cloth—in the twenty shillings—in the product of his labour? By no means. The weaver receives his wages long before the product is sold. The employer does not, therefore, pay his wages with the money he will get for the cloth, but with money previously provided. Loom and thread are not the weaver's produce, since they are supplied by the employer, and no more are the commodities which he receives in exchange for his own commodity, or in other words, for his work. It is possible that the employer finds no purchaser for his cloth. It may be that by its sale he does not recover even the wages he has paid. It may be that in comparison with the weaver's wages he made a great bargain by its sale. But all this has nothing whatever to do with the weaver. The employer purchases the weaver's labour with a part of his available property—of his capital—in exactly the same way as he has with another part of his property bought the raw material—the thread—and the instrument of labour—the loom. As soon as he has made these purchases—and he reckons among them the purchase of the labour necessary to the

production of the cloth—he proceeds to produce it by means of the raw material and the instruments which belong to him. Among these last is, of course, reckoned our worthy weaver, who has as little share in the product, or in the price of the product, as the loom itself.

Wages, therefore, are not the worker's share of the commodities which he has produced. Wages are the share of commodities previously produced, with which the employer purchases a certain amount of productive labour.

Labour is, therefore, a commodity which its owner the wage worker sells to capital. Why does he sell it? In order to live.

But labour is the peculiar expression of the energy of the labourer's life. And this energy he sells to another party, in order to secure for himself the means of living. For him, therefore, his energy is nothing but a means of ensuring his own existence. He works to live. He does not count the work itself as a part of his life, rather is it a sacrifice of his life. It is a commodity which he has made over to another party. Neither is its product the aim of his activity. What he produces for himself is not the silk he weaves, nor the place that he builds, nor the gold that he digs from out the mine. What he produces for himself is his wage; and silk, gold, and palaces are transformed for him into a certain quantity of means of existence—a cotton shirt, some copper coins, and a lodging in a cellar. And what of the labourer, who for twelve hours weaves, spins, bores, turns, builds, shovels, breaks stones, carries loads, and so on? Does his twelve hours' weaving, spinning, boring, turning, building, shovelling, and stone-breaking represent the active expression of his life? On the contrary. Life begins for him exactly where this activity of his ceases—at his meals, on the public-house bench, in his bed. His twelve hours' work has no meaning for him as weaving, spinning, boring, etc., but only as earnings whereby he may obtain his meals, his seat in the public-house, his bed. If the silkworm's object in spinning were to prolong its existence as a caterpillar, it would be a perfect example of a wage-worker.

Labour was not always a commodity. Labour was not always wage-work, that is, a marketable commodity. The slave does not sell his labour to the slave-owner. The slave along with his labour is sold once for all to his owner. He is a commodity which can pass from the hand of one owner to that of another. He himself is a commodity, but his labour is not *his* commodity. The serf sells only a portion of his labour. He does not receive his wages from the owner of the soil; rather the owner of the soil receives a tribute from him. The serf belongs to the soil, and to the lord of the soil he brings its fruits. The free labourer, on the other hand, sells himself, and that by fractions. From day to day he sells by auction eight, ten, twelve, fifteen hours of his life to the highest bidder—to the owner of the raw material, the instruments of work, and the means of life; that is, to the employer. The labourer himself belongs neither to an owner nor to the soil: but eight, ten, twelve, fifteen hours of his daily life belong to the man who buys them. The labourer leaves the employer to whom he has hired himself whenever he pleases; and the employer discharges him whenever he thinks fit; either as soon as he ceases to make a profit out of him, or fails to get so high a profit as he requires. But the labourer, whose only source of earning is the sale of his labour, cannot leave the whole class of his purchasers, that is, the capitalist class, without renouncing his own existence. He does not belong to this or that particular employer, but he does belong to the *employing class*; and more than that, it is his business to find an employer; that is, among this employing class it is his business to discover his own particular purchaser.

Before going more closely into the relations between capital and wage-work, it will be well to give a brief survey of those general relations which are taken into consideration in determining the amount of wages.

As we have seen, wages are the price of a certain commodity—labour. Wages are thus determined by the same law which regulates the price of any other commodity.

Thereupon the question arises, how is the price of a commodity determined?

By what means is the price of a commodity determined?

By means of competition between buyers and sellers, and the relation between supply and demand—offer and desire. And this competition by which the price of an article is fixed, is three-fold.

The same commodity is offered in the market by various sellers. Whoever offers the greatest advantage to purchasers is certain to drive the other sellers off the field, and secure for himself the greatest sale. The sellers, therefore, fight for the sale and the market among themselves. Everyone of them wants to sell, and does his best to sell much, and if possible to become the only seller. There-

fore each outbids the other in cheapness, and a competition takes place among the sellers which lowers the price of the goods they offer.

But a competition also goes on among the purchasers, which on their side raises the price of the goods offered.

Finally there arises a competition between buyers and sellers; the one set want to buy as cheap as possible, the other to sell as dear as possible. The result of this competition between buyers and sellers will depend upon the relations of the two previous aspects of the competition; that is, upon whether the competition in the ranks of the buyers or that in those of the sellers is the keener. Business thus leads two opposing armies into the field, and each of them again presents the aspect of a battle in its own ranks between its own soldiers. That army whose troops are least mauled by one another carries off the victory over the opposing host.

Let us suppose that there are a hundred bales of cotton in the market, and at the same time buyers in want of a thousand bales. In this case the demand is greater than the supply. The competition between the buyers will therefore be intense; each of them will do his best to get hold of all the hundred bales of cotton. This example is no arbitrary supposition. In the history of the trade we have experienced periods of failure of the cotton plant, when particular companies of capitalists have endeavoured to purchase, not only a hundred bales of cotton, but the whole stock of cotton in the world. Therefore, in the case supposed, each buyer will try to beat the others out of the field by offering a proportionately higher price for the cotton. The cotton-sellers, perceiving the troops of the hostile host in violent combat with one another, and being perfectly secure as to the sale of all their hundred bales, will take very good care not to begin squabbling among themselves in order to depress the price at the very moment when their adversaries are emulating each other in the process of screwing it higher up. Peace is therefore suddenly proclaimed in the army of the sellers. They present a united front to the purchaser, and fold their arms in philosophic content; and their claims would be absolutely boundless if it were not that the offers of even the most pressing and eager of the buyers must always have some definite limit.

Thus if the supply of a commodity is not so great as the demand for it, the competition between the buyers waxes. Result; A more or less important rise in the price of goods.

As a rule the converse case is of commoner occurrence, producing an opposite result. Large excess of supply over demand; desperate competition among the sellers; dearth of purchasers; forced sale of goods dirt cheap.

But what is the meaning of the rise and fall in price? What is the meaning of higher price or lower price? A grain of sand is high when examined through a microscope, and a tower is low when compared with a mountain. And if price is determined by the relation between supply and demand, how is the relation between supply and demand itself determined?

Let us turn to the first worthy citizen we meet. He will not take an instant to consider, but like a second Alexander the Great will cut the metaphysical knot by the help of his multiplication table. "If the production of the goods which I sell," he will tell us, "has cost me £100, and I get £110 by their sale—within the year, you understand—that's what I call a sound, honest, reasonable profit. But if I make £120 or £130 by the sale, that is a higher profit; and if I were to get a good £200, that would be an exceptional, an enormous profit." What is it then that serves our citizen as to the measure of his profit? The cost of production of his goods. If he receives in exchange for them an amount of other goods whose production has cost less, he has lost by his bargain. If he receives an amount whose production has cost more, he has gained. And he reckons the rise and fall of his profit by the number of degrees at which it stands with reference to his zero—the cost of production.

We have now seen how the changing proportion between supply and demand produces the rise and fall of prices, making them at one time high, at another low. If through failure in the supply, or exceptional increase in the demand, an important rise in the price of a commodity takes place, then the price of another commodity must have fallen; for, of course, the price of a commodity only expresses in money the proportion in which other commodities can be exchanged with it. For instance, if the price of a yard of silk rises from five to six shillings, the price of silver has fallen in comparison with silk; and in the same way the price of all other commodities which remain at their old prices has fallen if compared with silk. We have to give a larger quantity of them in exchange in order to obtain the same quantity of silk. And what is the result of

a rise in the price of a commodity? A mass of capital is thrown into that flourishing branch of business, and the immigration of capital into the province of the privileged business will last until the ordinary level of profits is attained; or rather, until the price of the products sinks through overproduction.

Conversely, if the price of a commodity falls below the cost of its production, capital will be withdrawn from the production of this commodity. Except in the case of a branch of industry which has become obsolete and is therefore doomed to disappear, the result of this flight of capital will be that the production of this commodity, and therefore its supply, will continually dwindle until it corresponds to the demand; and thus its price rises again to the level of the cost of its production; or rather, until the supply has fallen below the demand; that is, until its price has again risen above its cost of production; for the price of any commodity is always either above or below its cost of production.

We see then how it is that capital is always immigrating and emigrating, from the province of one industry into that of another. It is high prices that bring about an excessive immigration, and low prices an excess of emigration.

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

We have just seen how the fluctuations of supply and demand always reduce the price of a commodity to its cost of production. It is true that the precise price of a commodity is always either above or below its cost of production; but the rise and fall reciprocally balance each other, so within a certain period, if the ebb and flow of the business are reckoned up together, commodities are exchanged with one another in accordance with their cost of production; and thus their cost of production determines their price.

The determination of price by cost of production is not to be understood in the sense of the economists. The economists declare that the average price of commodities is equal to the cost of production; this, according to them, is a law. The anarchical movements in which the rise is compensated by the fall, and the fall by the rise, they ascribe to chance. With just as good a right as this, which the other economists assume, we might consider the fluctuations as the law, and ascribe the fixing of price by cost of production to chance. But if we look closely, we see that it is precisely these fluctuations, although they bring the most terrible desolation in their train and shake the fabric of bourgeois society like earthquakes, it is precisely these fluctuations which in their course determine price by cost of production. In the totality of this disorderly movement it is to be found its order. Throughout these alternating movements, in the course of this industrial anarchy, competition, as it were, cancels one excess by means of another.

We gather, therefore, that the price of a commodity is determined by its cost of production, in such manner that the periods in which the price of this commodity rises above its cost of production are compensated by the periods in which it sinks below this cost, and conversely. Of course this does not hold good for one single particular product of an industry, but only for that entire branch of industry. So also it does not hold good for a particular manufacturer, but only for the entire industrial class.

The determination of price by cost of production is the same thing as its determination by the duration of the labour which is required for the manufacture of a commodity; for cost of production may be divided into (1) raw material and implements, that is, products of industry whose manufacture has cost a certain number of days' work, and which therefore represents a certain duration of labour, and (2) actual labour, which is measured by its duration.

Now the same general laws, which universally regulate the price of commodities, regulate, of course, wages, the price of labour.

Wages will rise and fall in accordance with the proportion between demand and supply, that is, in accordance with the conditions of the competition between capitalists as buyers, and labourers as sellers of labour. The fluctuations of wages correspond in general with the fluctuations in the price of commodities. Within these fluctuations the price of labour is regulated by its cost of production, that is, by the duration of labour which is required in order to produce this commodity, labour.

Now what is the cost of production of labour itself?

It is the cost required for the production of a labourer and for his maintenance as a labourer.

The shorter the time requisite for instruction in any labour, the less is the labourer's cost of production, and the lower are his wages, the price of his work.

In those branches of industry which scarcely require any period of apprenticeship, and where the mere bodily existence of the labourer is sufficient, the requisite cost of his production and maintenance are almost limited to the cost of the commodities which are requisite to keep him alive, The price of his labour is therefore determined by the price of the bare necessities of his existence.

Here, however, another consideration comes in. The manufacturer, who reckons up his expenses of production and determines accordingly the price of the product, takes into account the wear and tear of the machinery. If a machine costs him £100 and wears itself out in ten years, he adds £10 a-year to the price of his goods, in order to replace the worn-out machine by a new one when the ten years are up. In the same way we must reckon in the cost of production of simple labour the cost of its propagation; so that the race of labourers may be put in a position to multiply and to replace the worn-out workers by new ones. Thus the wear and tear of the labourer must be taken into account just as much as the wear and tear of the machine.

Thus the cost of the production of simple labour amounts to *the cost of the labourer's subsistence and propagation*, and the price of this cost determines his wages. When we speak of wages we mean the minimum of wages. This minimum of wages holds good, just as does the determination by the cost of production of the price of commodities in general, not for the particular individual, but for the species. Individual labourers, indeed millions of them, do not receive enough to enable them to subsist and propagate; but the wages of the whole working class with all their fluctuations are nicely adjusted to this minimum.

Now that we are grounded on these general laws which govern wages just as much as the price of any other commodity, we can examine our subject more exactly,

"Capital consists of raw material, implements of labour, and all kinds of means of subsistence, which are used for the production of new implements and new means of subsistence. All these factors of capital are created by labour, are products of labour, are stored-up labour. Stored-up labour which serves as the means of new production is capital."

So say the economists.

What is a negro slave? A human creature of the black race. The one definition is just as valuable as the other.

A negro is a negro. In certain conditions he is transformed into a slave. A spinning-jenny is a machine for spinning cotton. Only in certain conditions is it transformed into capital. When torn away from these conditions, it is just as little capital as gold is money in the abstract, or sugar the price of sugar. In the work of production men do not stand in relation to nature alone. They only produce when they work together in a certain way, and mutually exchange their different kinds of energy. In order to produce, they mutually enter upon certain relations and conditions, and it is only by means of these relations and conditions that their relation to nature is defined, and production becomes possible.

These social relations upon which the producers mutually enter, the terms upon which they exchange their energies and take their share in the collective act of production, will of course differ according to the character of the means of production. With the invention of firearms as implements of warfare the whole organisation of the army was of necessity altered; and with the alteration in the relations through which individuals form an army, and are enabled to work together as an army, there was a simultaneous alteration in the relations of armies to one another.

Thus with the change in the social relations by means of which individuals produce, that is, in the social relations of production, and with the alteration and development of the material means of production, the powers of production are also transformed. The relations of production collectively form those social relations which we call a society, and a society with definite degrees of historical development, a society with an appropriate and distinctive character. Ancient society, feudal society, bourgeois society, are instances of this collective result of the relations of production, each of which marks out an important step in the historical development of mankind.

Now capital also is a social condition of production. It is a bourgeois condition of production, a condition of the production of a bourgeois society. Are not the means of subsistence, the implements of labour, and the raw material, of which capital consists, the results of definite social relations; were they not produced and stored up under certain social conditions? Will they not be used for further production under certain social conditions? And is it not just this definite social

character which transforms into capital that product which serves for further production?

Capital does not consist of means of subsistence, implements of labour, and raw material alone, nor only of material products; it consists just as much of exchange-values. All the products of which it consists are commodities. Thus capital is not merely the sum of material products; it is a sum of commodities, of exchange-values, of social quantities.

Capital remains unchanged if we substitute cotton for wool, rice for corn, and steamers for railways; provided only that the cotton, the rice, the steamers—the bodily form of capital—have the same exchange value, the same price, as the wool, the corn, the railways, in which it formerly embodied itself. The bodily form of capital may change continually, while the capital itself undergoes not the slightest alteration.

But though all capital is a sum of commodities, that is, of exchange-values, it is not every sum of commodities, of exchange-values, that is capital.

Every sum of exchange-values is an exchange-value. For instance, a house worth a thousand pounds is an exchange-value of a thousand pounds. A penny-worth of paper is the sum of the exchange-values of a hundred-hundredths of a penny. Products which may be mutually exchanged are commodities. The definite proportion in which they are exchangeable forms their exchange-value, or, expressed in money, their price. The amount of these products can do nothing to alter their definition as being commodities, or as representing an exchange-value, or as having a certain price. Whether a tree is large or small, it remains a tree. Whether we exchange iron for other wares in ounces or in hundredweights, that makes no difference in its character as a commodity possessing exchange-value. According to its amount it is a commodity of more or less worth, with a higher or lower price.

How then can a sum of commodities, of exchange-values, become capital?

By maintaining and multiplying itself as an independent social power, that is, as the power of a portion of society, by means of its exchange for direct, living labour. Capital necessarily pre-supposes the existence of a class which possesses nothing but labour-force.

It is the lordship of past, stored-up, realised labour over actual, living labour that transforms the stored-up labour into capital.

Capital does not consist in the fact that stored-up labour is used by living labour as a means to further production. It consists in the fact that living labours serve as the means whereby stored-up labour may maintain and multiply its own exchange-value.

What is it that takes place in the exchange between capital and wage-work?

The labourer receives in exchange for his labour the means of subsistence; but the capitalist receives in exchange for the means of subsistence labour, the productive energy of the labourer, the creative force whereby the labourer not only replaces what he consumes, but also gives to the stored-up labour a greater value than it had before. The labourer receives from the capitalist a share of the previously provided means of subsistence. To what use does he put these means of subsistence? He uses them for immediate consumption. But as soon as I consume my means of subsistence, they disappear and are irrecoverably lost to me; it therefore becomes necessary that I should employ the time during which these means keep me alive in order to produce new means of subsistence; so that during their consumption I may provide by my labour new value in the place of that which thus disappears. But it is just this grand reproductive power which the labourer has to bargain away to capital in exchange for the means of subsistence which he receives. To him therefore it is entirely lost.

Let us take an example. A farmer gives his day-labourer two shillings a day. For this two shillings he works throughout the day on the farmer's field, and so secures him a return of four shillings. The farmer does not merely get the value which he had advanced to the day-labourer replaced; he doubles it. He has thus spent or consumed the two shillings which he gave to the day-labourer in a fruitful and productive fashion. He has bought for his two shillings just that labour and force of the day-labourer which produces fruits of the earth of twice the value, and turns two shillings into four. The day-labourer on the other hand receives in place of his productive force, which he has just bargained away to the farmer, two shillings: and these he exchanges for means of subsistence; which means of subsistence he proceeds with more or less speed to consume. The two shillings have thus been consumed in double fashion; productively for capital, since they have been exchanged for the labour-force which

produced the four shillings; unproductively for the labourer, since they have been exchanged for means of subsistence which have disappeared for ever, and whose value he can only recover by repeating the same bargain with the farmer. Thus capital presupposes wage-labour, and wage-labour presupposes capital. They condition one another; and each brings the other into play.

Does a labourer in a cotton factory produce merely cotton? No, he produces capital. He produces value which serves afresh to command his own labour, and to create new value by its means.

Capital can only increase when it is exchanged for labour, when it calls wage-labour into existence. Wage-labour can only be exchanged for capital by augmenting capital and strengthening the power whose slave it is. An increase of capital is therefore an increase of the proletariat, that is, of the labouring class.

The interests of the capitalist and the labourer are therefore identical, assert the bourgeoisie and their economists. And, in fact, so they are! The labourer perishes if capital does not employ him. Capital perishes if it does not exploit labour; and in order to exploit it, it must buy it. The faster the capital devoted to production—the productive capital—increases, and the more successfully the industry is carried on, the richer do the bourgeoisie become, the better does business go, the more labourers does the capitalist require, and the dearer does the labourer sell himself.

Thus the indispensable condition of the labourer's securing a tolerable position is the speediest possible growth of productive capital.

But what is the meaning of the increase of productive capital? The increase of the power of stored-up labour over living labour. The increase of the dominion of the bourgeoisie over the labouring class. As fast as wage-labour creates its own antagonist and its own master in the dominating power of capital, the means of employment, that is, of subsistence, flow back to it from its antagonist; but only on the condition that it is itself transformed afresh into a portion of capital, and becomes the lever whereby the increase of capital may be again hugely accelerated.

Thus the statement that the interests of capital and labour are identical comes to mean merely this: capital and wage-labour are the two terms of one and the same proportion. The one conditions the other, just in the same way that the usurer and the borrower condition each other mutually.

So long as the wage-labourer remains a wage-labourer, his lot in life is dependent upon capital. That is the exact meaning of the famous community of interests between capital and labour.

The increase of capital is attended by an increase in the amount of wage-labour and in the number of wage-labourers; or, in other words, the dominion of capital is spread over a larger number of individuals. And, to give the most fortunate event possible, with the increase of productive capital there is an increase in the demand for labour. And thus wages, the price of labour, will rise.

A house may be large or small; but as long as the surrounding houses are equally small, it satisfies all social expectations as a dwelling place. But let a palace arise by the side of this small house, and it shrinks from a house into a hut. The smallness of the house now gives it to be understood that its occupant has either very small pretensions or none at all; and however high it may shoot up with the progress of civilisation, if the neighbouring palace shoots up also in the same or in greater proportion, the occupant of the comparatively small house will always find himself more uncomfortable, more discontented, more confined within his four walls.

A notable advance in the amount paid as wages brings about a rapid increase of productive capital. The rapid increase of productive capital calls forth just as rapid an increase in wealth, luxury, social wants, and social comforts. Therefore, although the comforts of the labourer have risen, the social satisfaction which they give has fallen in comparison with these augmented comforts of the capitalist which are unattainable for the labourer, and in comparison with the general development of comforts. Our wants and their satisfaction have their origin in society; we therefore measure them in their relation to society, and not in relation to the objects which satisfy them. Since their nature is social, it is therefore relative.

As a rule then, wages are not determined merely by the amount of commodities for which they may be exchanged. They depend upon various relations.

What the labourer immediately receives for his labour is a certain sum of money. Are wages determined merely by this money price?

In the sixteenth century the gold and silver in circulation in Europe was

augmented in consequence of the discovery of America. The value of gold and silver fell, therefore, in proportion to other commodities. The labourers received for their labour the same amount of silver coin as before. The money price of their labour remained the same, and yet their wages had fallen, for in exchange for the same sum of silver they obtained a smaller quantity of other commodities. This was one of the circumstances which furthered the increase of capital and the rise of the bourgeoisie in the sixteenth century.

Let us take another case. In the winter of 1847, in consequence of a failure in the crops, there was an important increase in the price of the indispensable means of subsistence, corn, meat, butter, cheese, and so on. We will suppose that the labourers still received the same sum of money for their labour as before. Had not their wages fallen then? Of course they had. For the same amount of money they received in exchange less bread, meat, etc.; and their wages had fallen, not because the value of silver had diminished, but because the value of the means of subsistence had increased.

Let us finally suppose that the money price of labour remains the same, while in consequence of the employment of new machinery, or on account of a good season, or for some similar reason, there is a fall in the price of all agricultural and manufactured goods. For the same amount of money the labourers can now buy more commodities of all kinds. Their wages have therefore risen, just because their money price has not changed.

The money price of labour, the nominal amount of wages, does not therefore fall together with the real wages, that is, with the amount of commodities that may practically be obtained in exchange for the wages. Therefore if we speak of the rise and fall of wages, the money price of labour, or the nominal wage, is not the only thing which we must keep in view.

But neither the nominal wages, that is, the amount of money for which the labourer sells himself to the employer, nor yet the real wages, that is, the amount of commodities which he can buy for this money, exhaust the relations which are comprehended in the term wages.

For the meaning of the word is chiefly determined by its relation to the gain or profit of the employer—it is a proportionate and relative expression.

The real wage expresses the price of labour in relation to the price of other commodities; the relative wage, on the contrary, expresses the price of direct labour in relation to that of stored-up labour, the relative value of wage-labour and capital, the proportionate value of capitalist and labourer.

Real wages may remain the same, or they may even rise, and yet the relative wages may none the less have fallen. Let us assume, for example, that the price of all the means of subsistence has fallen by two-thirds, while a day's wages have only fallen one-third, as for instance, from three shillings to two. Although the labourer has a larger amount of commodities at his disposal for two shillings than he had before for three, yet his wages are nevertheless diminished in proportion to the capitalist's gain. The capitalist's profit—the manufacturer's, for instance—has been augmented by a shilling, since for the smaller sum of exchange-value which he pays to the labourer, the labourer has to produce a larger sum of exchange-value than he did before. The value of capital is raised in proportion to the value of labour. The division of social wealth between capital and labour has become more disproportionate. The capitalist commands a larger amount of labour with the same amount of capital. The power of the capitalist class over the labouring class is increased; the social position of the labourer has deteriorated, and is depressed another degree below that of the capitalist.

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

They stand in inverse proportion to one another. Capital's exchange-value, profit, rises in the same proportion in which the exchange-value of labour, wages, sinks; and conversely. The rise in profit is exactly measured by the fall in wages, and the fall in profit by the rise in wages.

The objection may perhaps be made that the capitalist may have gained a profit by advantageous exchange of his products with other capitalists, or by a rise in the demand for his goods, whether in consequence of the opening of new markets, or of a greater demand in the old markets; that the profit of the capitalist may thus increase by means of over-reaching another capitalist, independently of the rise and fall of wages and the exchange-value of labour; or that the profit of the capitalist may also rise through an improvement in the implements of labour, a new application of natural forces, and so on.

But it must nevertheless be admitted that the result remains the same, although it is brought about in a different way. The capitalist has acquired a

larger amount of exchange-value with the same amount of labour, without having had to pay a higher price for the labour on that account; that is to say, a lower price has been paid for the labour in proportion to the nett profit which it yields to the capitalist.

Besides we must remember that in spite of the fluctuations in the price of commodities, the average price of each commodity—the proportion in which it exchanges for other commodities—is determined by its cost of production. The over-reaching and tricks that go on within the capitalist class therefore necessarily cancel one another. Improvements in machinery, and new applications of natural forces to the service of production, enable them to turn out in a given time with the same amount of labour and capital a larger quantity of products, but by no means a larger quantity of exchange-value. If by the application of the spinning-jenny I can turn out twice as much thread in an hour as I could before its invention, for instance, a hundred pounds instead of fifty, that is because the cost of production has been halved, or because at the same cost I can turn out double the amount of products.

Finally in whatsoever proportion the capitalist classes—the bourgeoisie—whether of one country or of the market of the whole world—share among themselves the nett profits of production, the total amount of these nett profits always consists merely of the amount by which, taking all in all, direct labour has been increased by means of stored-up labour. This sum total increases, therefore, in the proportion in which labour augments capital; that is, in the proportion in which profit rises as compared with wages.

Thus we see that even if we confine ourselves to the relation between capital and wage-labour, the interests of capital are in direct antagonism to the interests of wage-labour.

A rapid increase of capital is equal to a rapid increase of profits. Profits can only make a rapid increase, if the exchange-value of labour—the relative wage—makes an equally rapid decline. The relative wage may decline, although the actual wage rises along with the nominal wage, or money price of labour; if only it does not rise in the same proportion as profit. For instance, if when trade is good, wages rise five per cent., and profits on the other hand thirty per cent., then the proportional or relative wage has not increased but declined.

Thus if the receipts of the labourer increase with the rapid advance of capital, yet at the same time there is a widening of the social gulf which separates the labourer from the capitalist, and also an increase in the power of capital over labour and in the dependence of labour upon capital.

The meaning of the statement that the labourer has an interest in the rapid increase of capital is merely this; the faster the labourer increases his master's dominion, the richer will be the crumbs that he will get from his table; and the greater the number of labourers that can be employed and called into existence, the greater will be the number of slaves of which capital will be the owner.

We have thus seen that even the most fortunate event for the working class, the speediest possible increase of capital, however much it may improve the material condition of the labourer, cannot abolish the opposition between his interests and those of the bourgeois or capitalist class. Profit and wages remain just as much as ever in inverse proportion.

When capital is increasing fast, wages may rise, but the profits of capital will rise much faster. The actual position of the labourer has improved, but it is at the expense of his social position. The social gulf which separates him from the capitalist has widened.

Finally, the meaning of fortunate conditions for wage-labour, and of the quickest possible increase of productive capital, is merely this; the faster the working classes enlarge and extend the hostile power that dominates over them, the better will be the conditions under which they will be allowed to labour for the further increase of bourgeois dominion and for the wider extension of the power of capital, and thus contentedly to forge for themselves the golden chains by which the bourgeois drags them in its train.

But are the increase of productive capital and the rise of wages so indissolubly connected as the bourgeois economists assert? We can hardly believe that the fatter capital becomes, the more will its slave be pampered. The bourgeoisie is too much enlightened, and keeps its accounts much too carefully, to care for that privilege of the feudal nobility, the ostentation of splendour in its retinue. The very conditions of bourgeois existence compel it to keep careful accounts.

We must therefore enquire more closely into the effect which the increase of productive capital has upon wages.

With the general increase of the productive capital of a bourgeois society a manifold accumulation of labour-force takes place. The capitalists increase in number and in power. The increase in the number of capitalists increases the competition between capitalists. Their increased power gives them the means of leading into the industrial battle-field mightier armies of labourers furnished with gigantic implements of war.

The one capitalist can only succeed in driving the other off the field and taking possession of his capital by selling his wares at a cheaper rate. In order to sell more cheaply without ruining himself, he must produce more cheaply, that is, he must heighten as much as possible the productiveness of labour. But the most effective way of making labour more productive is by means of a more complete division of labour, or by the more extended use and continual improvement of machinery. The more numerous the departments into which labour is divided, and the more gigantic the scale in which machinery is introduced, in so much the greater proportion does the cost of production decline, and so much the more fruitful is the labour. Thus arises a manifold rivalry among capitalists with the object of increasing the subdivision of labour and machinery, and keeping up the utmost possible progressive rate of exploitation.

Now if by means of a greater subdivision of labour, by the employment and improvement of new machines, or by the more skilful and profitable use of the forces of nature, a capitalist has discovered the means of producing a larger amount of commodities than his competitors with the same amount of labour; whether it be stored-up labour or direct—if he can, for instance, spin a complete yard of cotton in the same time that his competitors take to spin half-a-yard—how will this capitalist proceed to act?

He might go on selling half-a-yard at its former market price; but that would not have the effect of driving his opponents out of the field and increasing his own sale. But the need of increasing his sale has increased in the same proportion as his production. The more effective and more expensive means of production which he has called into existence enable him, of course, to sell his wares cheaper, but they also compel him to sell more wares and to secure a much larger market for them. Our capitalist will therefore proceed to sell his half-a-yard of cotton cheaper than his competitors.

The capitalist will not, however, sell his complete yard so cheaply as his competitors sell the half, although its entire production does not cost him more than the production of half costs the others. For in that case he would gain nothing, but would only get back the cost of its production. The contingent increase in his receipts would result from his having set in motion a larger capital, but not from having made his capital more profitable than that of the others. Besides he gains the end he is aiming at, if he prices his goods a slight percentage lower than his competitors. He drives them off the field, and wrests from them at any rate a portion of their sale, if only he undersells them. And finally we must remember that the price current always stands either above or below the cost of production, according as the sale of a commodity is transacted at a favourable or unfavourable period of business. According as the market price of a yard of cloth is above or below its former cost of production, the percentage will alter in which the capitalist who has employed the new and profitable means of production exceeds in its sale the actual cost of its production to him.

But our capitalist does not find his privilege very lasting. Other rival capitalists introduce with more or less rapidity the same machines and the same subdivision of labour; and this introduction becomes general, until the price of the yard of cloth is reduced not only below its old, but below its new cost of production.

Thus the capitalists find themselves relatively in the same position in which they stood before the introduction of the new means of production; and if they are by these means enabled to offer twice the product for the same price, they now find themselves compelled to offer the doubled amount for less than the old price. From the standpoint of these new means of production the old game begins anew. There is greater subdivision of labour, more machinery, and a more rapid progress in the exploitation of both. Whereupon competition brings about the same reaction against this result.

Thus we see how the manner and means of production are continually renewed and revolutionised; and how the division of labour necessarily brings in its train a greater division of labour; the introduction of machinery, a still larger introduction; and the rapidity of progress in the efficiency of labour, a still greater rapidity of progress.

That is the law which continually drives bourgeois production out of its old track, and compels capital to intensify the productive powers of labour for the very reason that it has already intensified them—the law that allows it no rest, but for ever whispers in its ear the words, "Quick March!"

This is no other law than that which, cancelling the prodigious fluctuations of business, necessarily identifies the price of a commodity with its cost of production.

However powerful are the means of production which a particular capitalist may bring into the field, competition will make their adoption general; and the moment it becomes general, the sole result of the greater fruitfulness of his capital is that he must now for the same price offer ten, twenty, a hundred times as much as before. But as he must dispose of perhaps a thousand times as much, in order to outweigh the decrease in the selling price by the larger proportion of products sold; since a larger sale has now become necessary, not only to gain a large profit, but also to replace the cost of production; and the implements of production, as we have seen get more expensive; and since this larger sale has become a vital question, not only for him, but also for his rivals, the old strife continues with all the greater violence, in proportion as the previously discovered means of production are more fruitful. Thus the subdivision of labour and the employment of new machinery, take a fresh start, and proceed with still greater rapidity.

And thus, whatever be the power of the means or production employed, competition does its best to rob capital of the golden fruit which it produces, by reducing the price of commodities to their cost of production; and as fast as their production is cheapened, compelling by a despotic law the larger supply of cheaper products to be offered at the former price. Thus the capitalist will have won nothing by his exertions beyond the obligation to produce faster than before, and an enhancement of the difficulty of employing his capital to advantage. While competition continually persecutes him with its law of the cost of production, and turns against himself every weapon which he forges against his rivals, the capitalist continually tries to cheat competition by incessantly introducing further division of labour, and replacing the old machines by new ones, which, though more expensive, produce more cheaply; instead of waiting till competition has rendered them obsolete.

Let us now look at this feverish agitation as it affects the market of the whole world, and we shall understand how the increase, accumulation, and concentration of capital bring in their train an uninterrupted and extreme subdivision of labour, always advancing with gigantic strides of progress, and a continual employment of new machinery together with improvement of the old.

But how do these circumstances, inseparable as they are from the increase of productive capital, affect the determination of the amount of wages?

The greater division of labour enables one labourer to do the work of five, ten, twenty: it therefore multiplies the competition among labourers five, ten or twenty times. The labourers do not only compete when one sells himself cheaper than another; they also compete when one does the work of five, ten, or twenty; and the division of labour which capital introduces and continually increases, compels the labourers to enter into this kind of competition with one another.

Further; in the same proportion in which the division of labour is increased, the labour itself is simplified. The special skill of the labourer becomes worthless. It is changed into a monotonous and uniform power production, which can give play neither to bodily nor to intellectual elasticity. Its labour becomes accessible to everybody. Competitors therefore throng into it from all sides; and besides we must remember that the more simple and easily learnt the labour is, and the less it costs a man to make himself master of it, so much the lower must its wages sink; since they are determined, like the price of every other commodity, by its cost of production.

Therefore exactly as the labour becomes more unsatisfactory and unpleasant, in that very proportion competition increases and wages decline. The labourer does his best to maintain the rate of his wages by performing more labour, whether by working for a greater number of hours, or by working harder in the same time. Thus, driven by necessity, he himself increases the evil of the subdivision of labour. So the result is this: the more he labours, the less reward he receives for it; and that for this simple reason—that he competes against his fellow-workmen, and thus compels them to compete against him, and to offer their labour on as wretched conditions as he does; and that he thus in the last result competes against himself as a member of the working class.

Machinery has the same effect, but in a much greater degree. It supplants skilled labourers by unskilled, men by women, adults by children; where it is newly introduced, it throws the hand-labourers upon the streets in crowds; and where it is perfected or replaced by later improvements and more inventions, discards them by slightly slower degrees. We have sketched above in hasty outlines the industrial war of capitalists with one another; and this war has this peculiarity, that its battles are won less by means of enlisting than of discharging its industrial recruits, *The generals or capitalists vie with one another as to who can disperse with the greatest number of his soldiers.*

The economists repeatedly assure us that the labourers who are rendered superfluous by the machines find new branches of employment.

They have not the hardihood directly to assert that the labourers who are discharged enter upon the new branches of labour. The facts cry out too loud against such a lie as this. They only declare that for other divisions of the labouring class, as for instance, for the rising generation of labourers who were just ready to enter upon the defunct branch of industry, new means of employment will open out. Of course that is a great satisfaction for the dismissed labourers. The worshipful capitalists will not find their fresh supply of exploitable flesh and blood run short, and will let the dead bury their dead. This is indeed a consolation with which the bourgeois comfort *themselves* rather than the labourers. If the whole class of wage-labourers were annihilated by the machines, how shocking that would be for capital, which without wage-labour ceases to act as capital at all.

But let us suppose that those who are directly driven out of their employment by machinery, and also all those of the rising generation who were expecting employment in the same line, find some new employment. Does any one imagine that this will be as highly paid as that which they have lost? Such an idea would be in direct contradiction to all the laws of economy. We have already seen that the modern form of industry always tends to the displacement of the more complex and the higher kinds of employment, by those which are more simple and subordinate.

How then could a crowd of labourers, who are thrown out of one branch of industry by machinery, find refuge in another, without having to content themselves with a lower position and worse pay?

The labourers who are employed in the manufacture of machinery itself have been instanced as an exception. As soon as a desire arises and a demand begins in an industry for more machinery, it is said that there must necessarily be an increase in the number of machines, and therefore in the manufacture of machines, and therefore in the employment of labourers in this manufacture; and the labourers who are employed in this branch of industry will be skilled, and indeed even educated labourers.

Ever since the year 1840 this contention, which even before that time was only half true, has lost all its specious colour. For the machines which are employed in the manufacture of machinery have been quite as numerous as those used in the manufacture of cotton; and the labourers who are employed in producing machines, instead of being highly educated, have only been able to play the part of utterly unskilled machines themselves.

But in the place of the man who has been dismissed by the machine perhaps three children and one woman are employed to work it. And was it not necessary before that the man's wages should suffice for the support of his wife and his children? Was not the minimum of wages necessarily sufficient for the maintenance and propagation of the race of labourers? There is no difference, except that now the lives of four times as many labourers as before are used up in order to secure the support of one labourer's family.

To repeat our deductions; the faster productive capital increases, the more does the division of labour and the employment of machinery extend. The more the division of labour and the employment of machinery extend, so much the more does competition increase among the labourers, and so much the more do their average wages dwindle.

And, besides, the labouring class is recruited from the higher strata of society; or else there falls headlong into it a crowd of small manufacturers and small proprietors, who thenceforth have nothing better to do than to stretch out their arms by the side of those of the labourers. And thus the forest of arms outstretched by those who are entreating for work becomes ever denser and the arms themselves grow ever leaner.

That the small manufacturer cannot survive in a contest, whose first condition is production on a continually increasing scale, that is, that he cannot be at once both a large and a small manufacturer, is self-evident.

That the interest on capital declines in the same proportion as the amount of capital increases and extends, and that therefore the small capitalist can no longer live on his interest, but must join the ranks of the workers and increase the number of the proletariat,—all this requires no further exemplification.

Finally, in the proportion in which the capitalists are compelled by the causes here sketched out to exploit on an ever increasing scale yet more gigantic means of production, and with that object to set in motion all the mainsprings of credit, in the same proportion is there an increase of those earthquakes wherein the business world can only secure its own existence by the sacrifice of a portion of its wealth, its products, and even its powers of production to the gods of the world below—in a word, crises increase. They become at once more frequent and more violent; because in the same proportion in which the amount of production, and therefore the demand for an extension of the market, increases, the market of the world continually contracts, and ever fewer markets remain to be exploited; since every previous crisis has added to the commerce of the world a market which was not known before, or had before been only superficially exploited by commerce. But capital not only *lives* upon labour. Like a lord, at once distinguished and barbarous, it drags with it to the grave the corpses of its slaves and whole hecatombs of labourers who perish in the crisis. Thus we see that if capital increases fast, competition among the labourers increases still faster, that is, the means of employment and subsistence decline in proportion at a still more rapid rate; and yet, none the less the most fortunate conditions for wage labour lie in the speedy increase of capital

All who are interested in these subjects should read

THE FOLLOWING PUBLICATIONS OF
THE MODERN PRESS, 13, Paternoster Row, London, E.C.

Which will be sent post free at the published prices on receipt of an order amounting to one shilling or more.

(The Publications of the Modern Press can be obtained from W. L. ROSENBERG, 261, East Tenth Street, New York City.)

Socialism made Plain. The social and political manifesto of the Social-Democratic Federation issued in June 1883; with "THE UNEMPLOYED," a Manifesto issued after the "Riots in the West End" on 8th February, 1886. Sixty-first thousand. Crown 8-vo., paper cover, price 1d.

"JUSTICE," the Organ of the Social Democracy. Every Saturday, one penny.

Socialist Rhymes By J. L. Joynes. Reprinted chiefly from *Justice*. Demy 8-vo., price 1d.

Summary of the Principles of Socialism. By H. M. Hyndman and William Morris. Second edition, 64-pp. crown 8-vo., in wrapper, designed by Wm. Morris, price 4d.

This gives an account of the growth of capitalist production, and concludes with a statement of the demands of English Socialists for the immediate future.

Herbert Spencer on Socialism. By Frank Fairman. 16-pp. crown 8-vo., price 1d.

The Working Man's Programme (Arbeiter Programm). By Ferdinand Lassalle. Translated from the German by Edward Peters. Crown 8-vo., paper cover, price 6d.

The Robbery of the Poor. By W. H. P. Campbell.
Demy 8-vo., paper cover, price 6d.

The Appeal to the Young. By Prince Peter Kropotkin. Translated from the French by H. M. Hyndman and reprinted from *Justice*. Royal 8-vo., 16-pp. Price one penny.

The most eloquent and noble appeal to the generous emotions ever penned by a scientific man. Its author has just suffered five years imprisonment at the hands of the French Republic for advocating the cause of the workers

Opening Address to the Trade Union Congress
at Southport, September, 1885. Delivered by T. R. Threlfall. Royal 8-vo., 16-pp. Price one penny.

An able address from a representative working man on political and social topics.

By Edward Carpenter.—Social Progress and Individual Effort; Desirable Mansions; and Co-operative Production. One penny each.

John E. Williams, and the Early History of
THE SOCIAL-DEMOCRATIC FEDERATION. With Portrait. Price one penny.

The Man with the Red Flag: Being John Burns' Speech at the Old Bailey, when tried for Seditious Conspiracy, on April 9th, 1886. (From the Verbatim Notes of the official shorthand reporter.) With Portrait. Price threepence.

Socialism and Slavery. By H. M. Hyndman. (In reply to Mr. Herbert Spencer's article on the "The Coming Slavery." New Edition. 16 pp. Royal 8-vo., price one penny.

The Socialist Catechism. By J. L. Joynes. Reprinted with additions from *Justice*. Demy 8-vo., price 1d. 15th thousand.

The Emigration Fraud Exposed. By H. M. Hyndman. With a Portrait of the Author. Reprinted by permission from the *Nineteenth Century* for February, 1885. Crown 8-vo., price one penny.

What an Eight Hours Bill Means. By T. Mann (Amalgamated Engineers). New edition with portrait. Sixth Thousand. Price one penny.

Socialism versus Smithism: An open letter from H. M. Hyndman to Samuel Smith, M.P. for Liverpool. Crown 8-vo. Cheaper edition, price 1d.

Socialism and the Worker. By F. A. Sorge. Price 1d.

An explanation in the simplest language of the main idea of Socialism.

The Chicago Riots and the Class War in the United States. By H. M. Hyndman. Reprinted from *Times*, June, 1886. Price one penny.

