The Science of Socialism

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ARTICLE IV.
WEALTH PRODUCTION—SURPLUS VALUE.

THE capitalist possesses land and machinery. He owns a mill in which has been erected the latest machinery for the manufacture of cotton goods. In that factory with the machines there is a plentiful supply of raw cotton, as well as those incidental commodities such as coal and oil, which are so essential to the manufacturing process. This consists, as we have seen in a previous article, his **Constant Capital.**

These various commodities comprise his Constant Capital because they transfer, during the process of manufacture, no more than their respective values to the finished commodity. There has been, so long as Constant Capital ALONE has been employed, no increased value, or Surplus Value created. When the Cotton King has employed his Constant Capital he has merely similar values in return.

But the Cotton King is not in business as one of them stated not long since "for the glory of God or anyone else." He has expended his money capital with the idea of **making a profit.** How is this profit, or Surplus Value, created?

So far, in our examination of the process whereby cotton goods are made, we have only examined in detail, the Constant Capital of the Cotton King. No mention has been made of the labor process; of that portion of the King's activities which bring into employment his **Variable Capital or labor-power.**

Let us examine this Variable Capital.

What is this last commodity which the capitalist has purchased? He has secured the services of a number of men and women, who are prepared to work for him—for wages. He has, that is to say, at his command and working in his mill, the sole creator of use-values—human labor-power.

On what terms is this labor power placed at the disposal of the Cotton King?

In the first place the laborers possess nothing but their ability to create use-values—in other words, they are the possessors of the power to labor, which is the creator and measure of use-values. They have no direct or indirect interest in the cotton mill, they possess no machinery and own no land worthy of mention.

They are perfectly free, it is true, to transfer their energies to another employer. If the terms to which they can come with one employer are more favorable than the terms to which they can arrive with another employer there is nothing to hinder them from transferring their power to labor.

We find, then, that the Cotton King and his laborers meet on the mart and bargain in perfect freedom. The one owns his machinery and raw cotton; and these are useless unless human labor-power transfers the value of them into new use-values. On the other hand we find the laborers who possess nothing but their labor-power; and, as Sismondi has so aptly said: "Capacity for labor is nothing unless it is sold."

But labor-power, though it be itself the sole creator of value, is not a good commodity to have as one's sole exchangeable value. It is perishable in the extreme. Hunger and privation play ravages with its utility and seriously impair its exchangeable value. The laborers, being without land and machinery, being isolated from the means of wealth production, **must, perforce, sell their labor-power and sell it quickly.** And so they accept the terms of the Cotton King, set the wheels of his machinery in motion, and receive in return—wages.

Wages represent, in the sphere of wealth production, the cost of subsistence of the laborer. Over a century ago Torrens wrote:—

> "It's (labor's natural price) consists in such a quantity of necessaries and comforts of life as, from the nature of the climate, and the habits of the country, are necessary to support the laborer, and to enable him to rear such a family as may preserve, in the market, an undiminished supply of labor."

Karl Marx tells us that:—

> "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 or with the quantity of labor requisite for their production."

That is to say that the wages which the capitalist pays to his workmen represent the quantity of social human labor-power which is necessary for the life and wellbeing of the laborers. Labor-power exchanges on the world's markets, like any other commodity, in relation to its cost of production.

Let us suppose that the Cotton King purchases his labor power for $1 per day, or in terms of labor time, six hours of work. This represents the sum for which the laborer agrees to work in the mills of the capitalist.

For six hours every day the wheels of the Cotton King are busy turning out finished cotton goods. The values of the raw and incidental materials are transferred into the finished commodity. And so is the value of the wages which represent the length of time which the laborer must toil in order to live twenty-four hours. But **there is no profit here, there has been no Surplus Value created.** The values have all, without exception, reappeared in the finished article without any increase whatsoever.

How then comes it that the Cotton King, when he sells his finished commodity upon the market, finds that he is the proud possessor of a profit, or surplus-value?

Let us hear what Marx has to say upon this subject:—

> *"The fact that half a day's labor is necessary to keep the laborer alive during 24 hours, does not in any way prevent him from working a whole day.* Therefore, the value of labor-power, and the value which the labor-power creates in the labor process, are two entirely different magnitudes; and this difference of the two values was what the capitalist had in view, when he was purchasing the labor-power. The useful qualities that labor-power possesses, and by virtue of which it makes yarn or boots, were to him nothing more than a condition *sine qua non;* for in order to create value, labor must be expended in a useful manner. What really influenced him was the specific use-value which this commodity possesses of being *a source not only of value but of surplus value.* This is the special service which the capitalist expects from labor-power, and in this transaction he acts in accordance with the "eternal laws' 'of the exchange of commodities. The seller of labor-power, like the seller of any other commodity, realizes its exchange value *and parts with its use-value.* He cannot take the one without giving the other. The use-value of labor-power, or in other words labor, belongs just as little to the seller as the use-value of oil after it has been sold belongs to the dealer who has sold it. *The owner of the money has paid the value of a day's labor-power, his, therefore, is the use of it for a day; a day's labor belongs to him."*

The Cotton King buys his labor-power from his laborers for **a whole day,** and their wages represent the cost of the means of "making two ends meet." But this sum of money which the capitalist pays to his laborers in the form of wages is created **by the laborers** in half a day.

Let us examine the process one step further. We have assumed that the wages paid to the spinners are well and truly paid by $1 per day, or the use-values created by the expenditure of human labor-power for half a day. We have seen that the spinners, being divorced from the essentials of cotton production (represented by the Constant Capital of their employer) are forced to sell their labor-power to him for a whole day. They are paid wages for a half day's work, but they work for a whole day. They are paid wages for a half day's work, but they work for a whole day, and for the rest of the day they continue to produce use-values for which they obtain no remuneration and which are the exclusive property of the capitalist.

In other words, the capitalist, by virtue of his possession of capital, owns the finished product and can sell that finished product for more money than he has expended upon its cost of production. **This Surplus Value (or profit), he makes, because he pays less for his labor-power than that labor-power gives him in return.**

Here, then, is the secret of the accumulation of wealth upon the one hand, and the accumulation of poverty upon the other. The Cotton King, because of his ownership of the raw and incidental materials which are essential to the production of finished cotton goods, **is in a position to filch from his laborers a greater value than the value which he pays to those laborers in the form of wages. He commands, in a word, the process of production, and,** de facto, **commands the terms upon which his laborers shall work for him.**

Naturally the aim of the capitalist is to increase his profits or surplus value to the utmost. This he can do, within certain limits, by increasing the number of hours which his laborers work in his factory. This increase is limited, however, by the natural limits of the working day due to the necessity of the laborer to rest; by the legal limits placed upon the hours of labor by the State; and by the enforced limits imposed by the pressure of labor unions.

The capitalist can increase his surplus value in another way. He is improving his machinery and introducing new methods of productiin in order that he may reduce the cost of production by limiting, to the absolute minimum, the amount of human labor-power which is embodied in his finished commodities. By means of the intensification of labor through improved machinery the capitalist is enabled to reduce the number of hours which the laborer works to pay for his wages—and thus increases the number of hours of labor which create surplus value.

To sum up the result of our analysis of capitalist production in the last three articles:

We have seen that human labor-power is the creator and the measure of value;

That the capitalist, by virtue of his ownership of the means of production, can command the disposal of the use-value which is the consummation of his manufacturing process;

That he buys his raw and incidental materials, **as well as his human labor-power,** at the exchange-value as determined by the quantum of social human labor-power of which they are the concrete incarnation;

That this human labor-power provides him with a greater value than that which it received in return—a Surplus Value, which is the profit of his industrial process.

In conclusion, let me quote from Hyndman's "Economics of Socialism":—

> "Surplus value, the acquisition of profit being the sole end and aim of the capitalist system; and payment of wages by way of purchase of free labor-power being the only means by which this end can be attained; it follows that so long as the capitalist system endures, so long must the appropriation of unpaid labor by the capitalist class continue; so long must there be an army of unemployed at hand, to restrain the demands of those who are at work, and ready to be absorbed in periods of prosperity; so long must wages on the average in every trade be no more than the subsistence rate customary in that trade regulated by competition; and so long, in short, must the workers be in all but name the slaves of the owners of capital and the land."

And he might have added that so long as that system exists there will be absolute futility in all legislation based upon social reform of the existing social order.

Next Article: Rent, Interest and Profit.
