

# Capital day school

24 November 2007

“Beginnings are always difficult in all sciences. The understanding of the first chapter, especially the section that contains the analysis of commodities, will therefore, present the greatest difficulty... But for bourgeois society, the commodity-form of the product of labour — or value-form of the commodity — is the economic cell-form... With the exception of the section on the form of value, therefore, this volume cannot stand accused on the score of difficulty. I assume, of course, a reader who is willing to learn something new and therefore to think for themselves.”  
Karl Marx, Capital Volume 1, preface to the 1<sup>st</sup> German edition, 1867

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The aim of the day school is to introduce comrades to some of the key categories in Capital. These help us to understand how capitalism works and show the continued relevance of the book. The intention is for comrades to use the school as a springboard for reading (or re-reading) Capital.

## Questions

### A) Unlocking the nature of capitalism

- 1) What does Marx mean by:
  - commodities
  - use-value
  - value
  - exchange-value
  - abstract labour, or average social labour?
- 2) We grow up, in a capitalist society, thinking that pretty much all goods and services, as a matter of course, have a number (price) attached to them, and that most relations between people in everyday life (working, getting what you need to live) are regulated by those numbers. Marx reckons this is "fetishism". What does he mean, and is he right?
- 3) Why does Marx start Capital with commodities?

### B) Explaining how workers are exploited

- 1) What drives the circuit C-M-C? What drives the circuit M-C-M'?
- 2) What is the difference between labour and labour-power?
- 3) Where does surplus value come from?

### C) The relevance of Capital today: the environment

- 1) Does nature have intrinsic value?
- 2) How does Marx conceive of the relationship between nature and society?
- 3) How can humanity live within ecological limits?

Reading

**Part 1:**

Capital Volume 1: Part 1: Commodities and Money Chapter One: Commodities

Section 1: The two factors of a commodity: use value and value

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.

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, &c., may be looked at from the two points of view of quality and quantity. It is an assemblage of many properties, and may therefore be of use in various ways. To discover the various uses of things is the work of history. So also is the establishment of socially-recognized standards of measure for the quantities of these useful objects. The diversity of these measures has its origin partly in the diverse nature of the objects to be measured, partly in convention.

The utility of a thing makes it a use value. But this utility is not a thing of air. Being limited by the physical properties of the commodity, it has no existence apart from that commodity. A commodity, such as iron, corn, or a diamond, is therefore, so far as it is a material thing, a use value, something useful. This property of a commodity is independent of the amount of labour required to appropriate its useful qualities. When treating of use value, we always assume to be dealing with definite quantities, such as dozens of watches, yards of linen, or tons of iron. The use values of commodities furnish the material for a special study, that of the commercial knowledge of commodities. 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 in use of one sort are exchanged for those of another sort, a relation constantly changing with time and place. Hence exchange value appears to be something accidental and purely relative, and consequently an intrinsic value, i.e., an exchange value that is inseparably connected with, inherent in commodities, seems a contradiction in terms...

Let us take two commodities, e.g., corn and iron. The proportions in which they are exchangeable, whatever those proportions may be, can always be represented by an equation in which a given quantity of corn is equated to some quantity of iron: e.g., 1 quarter corn = x cwt. iron. What does this equation tell us? It tells us that in two different things – in 1 quarter of corn and x cwt. of iron, 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.

A simple geometrical illustration will make this clear. In order to calculate and compare the areas of rectilinear figures, we decompose them into triangles. But the area of the triangle itself is expressed by something totally different from its visible figure, namely, by half the product of the base multiplied by the altitude. In the same way the exchange values of commodities must be capable of being expressed in terms of something common to them all, of which thing they represent a greater or less quantity.

This common “something” cannot be either a geometrical, a chemical, or any other natural property of commodities. Such properties claim our attention only in so far as they affect the utility of those commodities, make them use values. But the exchange of commodities is evidently an act characterised by a total abstraction from use value. Then one use value is just as good as another, provided only it be present in sufficient quantity...

As use values, commodities are, above all, of different qualities, but as exchange values they are merely different quantities, and consequently do not contain an atom of use value.

If then we leave out of consideration the use value of commodities, they have only one common property left, that of being products of labour. But even the product of labour itself has undergone a change in our hands. If we make abstraction from its use value, we make abstraction at the same time from the material elements and shapes that make the product a use value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight. Neither can it any longer be regarded as the product of the labour of the joiner, the mason, the spinner, or of any other definite kind of productive labour. Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract.

Let us now consider the residue of each of these products; it consists of the same unsubstantial reality in each, a mere congelation of homogeneous human labour, of labour power expended without regard to the mode of its expenditure. All that these things now tell us is, that human labour power has been expended in their production, that human labour is embodied in them. When looked at as crystals of this social substance, common to them all, they are – Values.

We have seen that when commodities are exchanged, their exchange value manifests itself as something totally independent of their use value. But if we abstract from their use value, there remains their Value as defined above. Therefore, the common substance that manifests itself in the exchange value of commodities, whenever they are exchanged, is their value. The progress of our investigation will show that exchange value is the only form in which the value of commodities can manifest itself or be expressed. For the present, however, we have to consider the nature of value independently of this, its form.

A use value, or useful article, therefore, has value only because human labour in the abstract has been embodied or materialised in it. How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labour, contained in the article. The quantity of labour, however, is measured by its duration, and labour time in its turn finds its standard in weeks, days, and hours.

Some people might think that if the value of a commodity is determined by the quantity of labour spent on it, the more idle and unskilful the labourer, the more valuable would his commodity be, because more time would be required in its production. The labour, however, that forms the substance of value, is homogeneous human labour, expenditure of one uniform labour power. The total labour power of society, which is embodied in the sum total of the values of all commodities produced by that society, counts here as one homogeneous mass of human labour power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labour power of society, and takes effect as such; that is, so far as it requires for producing a commodity, no more time than is needed on an average, no more than is socially necessary. The labour time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The introduction of power-looms into England probably reduced by one-half the labour 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 for all that, the product of one hour of their labour represented after the change only half an hour's social labour, and consequently fell to one-half its former value.

We see then that that which determines the magnitude of the value of any article is the amount of labour socially necessary, or the labour time socially necessary for its production. Each individual commodity, in this connexion, is to be considered as an average sample of its class. Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value. The value of one commodity is to the value of any other, as the labour time necessary for the production of the one is to that necessary for the production of the other. "As values, all commodities are only definite masses of congealed labour time."

The value of a commodity would therefore remain constant, if the labour time required for its production also remained constant. But the latter changes with every variation in the productiveness of labour. This productiveness is determined by various circumstances, amongst others, by the average amount of skill of the workmen, the state of science, and the degree of its practical application, the social organisation of production, the extent and capabilities of the means of production, and by physical conditions... In general, the greater the productiveness of labour, the less is the labour time required for the production of an article, the less is the amount of labour crystallised in that article, and the less is its value; and vice versâ, the less the productiveness of labour, the greater is the labour time required for the production of an article, and the greater is its value. The value of a commodity, therefore, varies directly as the quantity, and inversely as the productiveness, of the labour incorporated in it.

A thing can be a use value, without having value. This is the case whenever its utility to man is not due to labour. Such are air, virgin soil, natural meadows, &c. A thing can be useful, and the product of human labour, without being a commodity. Whoever directly satisfies his wants with the produce of his own labour, creates, indeed, use values, but not commodities. In order to produce the latter, he must not only produce use values, but use values for others, social use values. (And not only for others, without more. The mediaeval peasant produced quit-rent-corn for his feudal lord and tithe-corn for his parson. But neither the quit-rent-corn nor the tithe-corn became commodities by reason of the fact that they had been produced for others. To become a commodity a product must be transferred to another, whom it will serve as a use value, by means of an exchange.) Lastly nothing can have value, without being an object of utility. If the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value...

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#### Section 4: The fetishism of commodities and the secret thereof

A commodity appears, at first sight, a very trivial thing, and easily understood. Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological niceties. So far as it is a value in use, there is nothing mysterious about it, whether we consider it from the point of view that by its properties it is capable of satisfying human wants, or from the point that those properties are the product of human labour. It is as clear as noon-day, that man, by his industry, changes the forms of the materials furnished by Nature, in such a way as to make them useful to him. The form of wood, for instance, is altered, by making a table out of it. Yet, for all that, the table continues to be that common, every-day thing, wood. But, so soon as it steps forth as a commodity, it is changed into something transcendent. It not only stands with its feet on the ground, but, in relation to all other commodities, it stands on its head, and evolves out of its wooden brain grotesque ideas, far more wonderful than "table-turning" ever was.

The mystical character of commodities does not originate, therefore, in their use value. Just as little does it proceed from the nature of the determining factors of value. For, in the first place, however varied the useful kinds of labour, or productive activities, may be, it is a physiological fact, that they are functions of the human organism, and that each such function, whatever may be its nature or form, is essentially the expenditure of human brain, nerves, muscles, &c. Secondly, with regard to that which forms the ground-work for the quantitative determination of value, namely, the duration of that expenditure, or the quantity of labour, it is quite clear that there is a palpable difference between its quantity and quality. In all states of society, the labour time that it costs to produce the means of subsistence, must necessarily be an object of interest to mankind, though not of equal interest in different stages of development. And lastly, from the moment that men in any way work for one another, their labour assumes a social form.

Whence, then, arises the enigmatical character of the product of labour, so soon as it assumes the form of commodities? Clearly from this form itself. The equality of all sorts of human labour is expressed objectively by their products all being equally

values; the measure of the expenditure of labour power by the duration of that expenditure, takes the form of the quantity of value of the products of labour; and finally the mutual relations of the producers, within which the social character of their labour affirms itself, take the form of a social relation between the products.

A commodity is therefore a mysterious thing, simply because in it the social character of men's labour appears to them as an objective character stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour. This is the reason why the products of labour become commodities, social things whose qualities are at the same time perceptible and imperceptible by the senses. In the same way the light from an object is perceived by us not as the subjective excitation of our optic nerve, but as the objective form of something outside the eye itself. But, in the act of seeing, there is at all events, an actual passage of light from one thing to another, from the external object to the eye. There is a physical relation between physical things. But it is different with commodities. There, the existence of the things quâ commodities, and the value relation between the products of labour which stamps them as commodities, have absolutely no connection with their physical properties and with the material relations arising therefrom. There it is a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things. In order, therefore, to find an analogy, we must have recourse to the mist-enveloped regions of the religious world. In that world the productions of the human brain appear as independent beings endowed with life, and entering into relation both with one another and the human race. So it is in the world of commodities with the products of men's hands. This I call the Fetishism which attaches itself to the products of labour, so soon as they are produced as commodities, and which is therefore inseparable from the production of commodities.

This Fetishism of commodities has its origin, as the foregoing analysis has already shown, in the peculiar social character of the labour that produces them.

## **Part II**

### **Capital Volume 1: Part II: The Transformation of Money and Capital**

The circulation of commodities is the starting point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical groundwork from which it rises. The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world embracing market.

All new capital, to commence with, comes on the stage that is, on the market, whether of commodities, labour, or money, even in our days, in the shape of money that by a definite process has to be transformed into capital.

The first distinction we notice between money that is money only, and money that is capital, is nothing more than a difference in their form of circulation. The simplest form of the circulation of commodities is C-M-C, the transformation of commodities into money, and the change of the money back again into commodities; or selling in

order to buy. But alongside of this form we find another specifically different form: M-C-M, the transformation of money into commodities, and the change of commodities back again into money; buying in order to sell. Money that circulates in the latter manner is thereby transformed into, becomes capital and is already potentially capital.

In the first phase, M-C, or the purchase, the money changed into a commodity. In the second phase, C-M or the sale, the commodity is changed back again into money. The result, in which the phases of the process vanish, is the exchange of money for money, M-M.

The circuit M-C-M would be absurd and without meaning if the intention were to exchange by this means two equal sums of money.

In the circulation C-M-C, the money is in the end converted into a commodity, that serves as a use-value; it is spent once for all. The circuit M-C-M, on the contrary, commences with money and ends with money. Its leading motive, and the goal that attracts it, is therefore mere exchange value. One sum of money is distinguishable from another only by its amount. The character and tendency of the process M-C-M, is therefore not due to any qualitative difference: between its extremes, but solely to their quantitative difference. The exact form of this process is therefore M-C-M', where  $M' = M + \Delta M$  = the original sum advanced, plus an increment. This increment or excess over the original value I call "surplus-value". The value originally advanced, therefore, not only remains intact while in circulation, but adds to itself a surplus-value or expands itself.

It is this movement that converts it into capital.

The simple circulation of commodities - selling in order to buy - is a means of carrying out a purpose unconnected with circulation, namely, the satisfaction of wants. The circulation of money as capital is, on the contrary, an end in itself, for the expansion of value takes place only within this constantly renewed movement. The circulation of capital has therefore no limits. Thus the conscious representative of this movement the possessor of money becomes a capitalist. His person, or rather his pocket, is the point from which the money starts and to which it returns. The expansion of value, which is the objective basis or main-spring of the circulation, becomes his subjective aim. It functions as capital personified and endowed with consciousness and a will. The restless never-ending process of profit-making alone is what he aims at.

This boundless greed after riches, this passionate chase after exchange-value, is common to the capitalist and the miser; but while the miser is merely a capitalist gone mad, the capitalist is a rational miser. The never ending augmentation of exchange-value, which the miser strives after, by seeking to save his money from circulation, is attained by the more acute capitalist, by constantly throwing it afresh into circulation.

Value therefore now becomes value in process, money in process, and, as such, capital. It comes out of circulation, enters into it again, preserves and multiplies itself within its circuit, comes back out of it with expanded bulk, and begins the same round

ever afresh. M-M', money which begets money, such is the description of Capital from the mouths of its first interpreters, the Mercantilists.

The change of value that occurs in the case of money intended to be converted into capital, cannot take place in the money itself, since in its function of means of purchase and of payment, it does no more than realise the price of the commodity it buys or pays for; and, as hard cash, it is value petrified, never varying. Just as little can it originate in the resale of the commodity, which does no more than transform the article from its bodily form back again into its money-form.

The change originates in the use-value of the commodity. In order to be able to extract value from the consumption of a commodity, our friend, Moneybags, must be so lucky as to find, in the market, a commodity, whose use-value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labour, and, consequently, a creation of value.

The possessor of money does find on the market such a special commodity in capacity for labour or labour power. By it is to be understood the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description.

He and the owner of money meet in the market, and deal with each other as on the basis of equal rights, with this difference alone, that one is buyer, the other seller; both, therefore, equal in the eyes of the law. The continuance of this relation demands that the owner of the labour-power should sell it only for a definite period, for if he were to sell it rump and stump, once for all, he would be selling himself, converting himself from a free man into a slave, from an owner of a commodity into a commodity. He must constantly look upon his labour-power as his own property, his own commodity, and this he can only do by placing it at the disposal of the buyer temporarily, for a definite period of time. By this means alone can he avoid renouncing his rights of ownership over it.

This peculiar commodity, labour-power, like all others, has a value. How is that value determined? The value of labour power is determined, as in the case of every other commodity, by the labour-time necessary for the production, and consequently also the reproduction, of this special article. Labour-power exists only as a capacity, or power of the living individual. Its production consequently presupposes his existence.

Given the individual, the production of labour-power consists in his reproduction of himself or his maintenance. For his maintenance he requires a given quantity of the means of subsistence. Therefore the labour-time requisite for the production of labour-power reduces itself to that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual.

His natural wants, such as food, clothing, fuel, and housing, vary according to the climatic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are

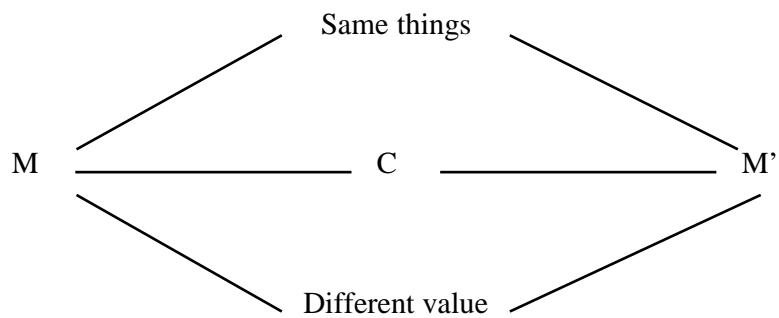
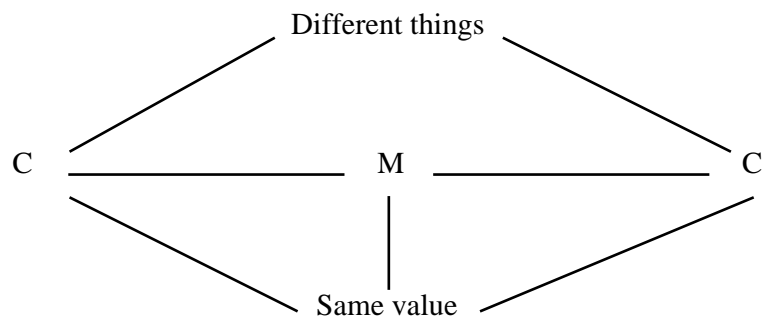
themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country.

Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known.

One consequence of the peculiar nature of labour power as a commodity is, that its use-value does not, on the conclusion of this contract between the buyer and seller, immediately pass into the hands of the former. Its use-value consists in the subsequent exercise of its force, in the consumption of the labour-power. In every country in which the capitalist mode of production reigns, it is the custom not to pay for labour-power before it has been exercised for the period fixed by the contract. In all cases, therefore, the use-value of the labour-power is advanced to the capitalist; he everywhere gives credit to the capitalist.

The consumption of labour-power is at one and the same time the production of commodities and of surplus value. The consumption of labour-power is completed, as in the case of every other commodity, outside the limits of the market or of the sphere of circulation, within the hidden abode of production.

Diagrams





proceed as nature does herself, i.e. he can only change the form of the materials. Furthermore, even in this work of modification he is constantly helped by natural forces. Labour is therefore not the only source of material wealth i.e. of the use-values it produces. As William Petty says, labour is the father of material wealth, the earth is its mother...

The degree to which some economists are misled by the fetishism attached to the world of commodities, or by the objective appearance of the social characteristics of labour, is shown, among other things, by the dull and tedious dispute over the part played by nature in the formation of exchange-value. Since exchange-value is a definite social manner of expressing the labour bestowed on a thing, it can have no more natural content than has, for example, the rate of exchange...

Use-values must therefore never be looked upon as the real aim of the capitalist; neither must the profit on any single transaction. The restless never-ending process of profit-making is what he aims at. This boundless greed after riches, this passionate chase after exchange-value...

Nature does not produce on the one hand owners of money or commodities, and on the other hand men possessing nothing but their own labour power. This relation has no basis in natural history...

Labour is first of all, a process between man and nature, a process by which man, through his own actions, mediates, regulates and controls the metabolism between himself and nature. He confronts the materials of nature as a force of nature. He sets in motion the natural forces that belong to his own body, his arms, legs, head and hands, in order to appropriate the materials of nature in a form adapted to his own needs. Through this movement he acts upon external nature and changes it, and in this way he simultaneously changes his own nature...

The land (and this, economically speaking, includes water) in its original state in which it supplies man with necessities or means of subsistence ready to hand is available without any effort on his part as the universal material for human labour. All those things which labour merely separates from immediate connection with their environment, are objects of labour spontaneously provided by nature, such as fish caught and separated from their natural element, namely water, timber felled in virgin forests, and ores extracted from their veins. If, on the other hand, the object of labour has, so to speak, been filtered through previous labour, we call it raw material. For example ore already extracted and ready for washing. All raw material is an object of labour, but not every object of labour is raw material; the object of labour counts as raw material only when it has undergone some alteration by means of labour...

The labour process... is purposeful activity aimed at the production of use-values. It is an appropriation of what exists in nature for the requirements of man. It is the universal condition for the metabolic interaction [Stoffwechsel] between man and nature, the everlasting nature-imposed condition of human existence...

Capitalist production collects the population together in great centres, and causes the urban population to achieve an ever-growing preponderance. This has two results. On the one hand it concentrates the historical motive power of society; on the other hand,

it disturbs the metabolic interaction between man and nature, i.e., prevents the return to the soil of its constituent elements consumed by man in the form of food and clothing; hence it hinders the operation of the eternal natural condition for the lasting fertility of the soil. Thus it destroys at the same time the health of the urban worker and the intellectual life of the rural worker. But by destroying the circumstances surrounding that metabolism, which originated in a merely natural and spontaneous fashion, it compels its systematic restoration as a regulative law of social production, and in a form adequate to the full development of the human race...

All progress in capitalistic agriculture is a progress in the art, not only of robbing the worker, but of robbing the soil; all progress in increasing the fertility of the soil for a given time, is a progress towards ruining the long-lasting sources of that fertility... Capitalist production, therefore, only develops the techniques and the degree of combination of the social process of production by simultaneously undermining the original sources of all wealth – the soil and the worker...

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### From Capital Volume III

Large landed property reduces the agricultural population to a constantly falling minimum, and confronts it with a constantly growing industrial population crowded together in large cities. It produces conditions that provoke an irreparable rift in the interdependent process of social metabolism, a metabolism prescribed by the natural laws of life itself. The results of this is a squandering of the vitality of the soil, which is carried by trade far beyond the bounds of a single country...

Large-scale industry and industrially pursued large-scale agriculture have the same effect. If they are originally distinguished by the fact that the former lays waste and ruins labour-power and thus the natural power of man, whereas the latter does the same to the natural power of the soil, they link up in the latter course of development, since the industrial system applied to agriculture also enervates the workers there, while industry and trade for their part provide agriculture with the means of exhausting the soil.

Freedom in this sphere can only consist only in this, that socialised man, the associated producers, govern the human metabolism with nature in a rational way, bringing it under their collective control, instead of being dominated by it as a blind power; accomplishing it with the least expenditure of energy and in conditions most worthy and appropriate for their human nature.