

## WAGE LABOUR AND CAPITAL - STUDY NOTES

"Wage Labour and Capital", 1847, is a vivid propaganda explanation of political economy written for the public. It is especially valuable in dealing quite directly with the link between political economy and the class struggle. It can be a good introduction to some important aspects of the Marxist approach to economics, provided comrades do not expect it to be comprehensive. Marx's theories of political economy only became fully developed in the late 1850's and therefore comrades should be ready to place this text side by side with other later works such as "Wages, Price and Profit" (1865), when they are able.

Engels's introduction is helpful particularly on the distinction between labour and labouring power. Comrades should also understand that Marx's theories of value and surplus value exist only in germ form in this text. In addition the analysis in terms of costs of production, Marx/came to consider was a practical working surface manifestation of the deeper essential relations of value that he used to expose capitalism thoroughly in "Capital".

However, the shortcomings in "Wage Labour and Capital" can be useful if they help comrades to understand that Marx's thinking had to go through a process of development and should not be treated dogmatically. Instead we should use the Marxist approach as a method in seeking truth from fact from the real world around us.

The summaries of each part are intended to help keep one's bearings through the thread of Marx's argument. The questions are designed not as control questions to test the knowledge of a dogma but to try to focus on the problems of the revolution, as Mao urges in "Rectify the Party's Style of Work". In most cases there is no one "correct" answer to the questions. Where possible they have been linked to relevant passages in section 4 of the Programmatic Document (PD) but it is hoped that comrades will have read the whole of section 4 and will keep it in mind during the study.

In planning collective study, the comrade responsible for introducing might well use his or her initiative to pick out only 1 or 2 questions, or indeed to propose alternative questions to focus discussion on.

Criticism of the accuracy of the summary and the relevance of the questions will be useful if we decide to return to this text from time to time in party building.

### INTRODUCTION BY ENGELS

Engels's introduction of 1891 explains that "Wage Labour and Capital" was an uncompleted series of articles by Marx, printed over forty years before and brought to an abrupt halt by some of the events referred to at the beginning of the first article.

Marx developed his political economy in a fully formed way only from the late 1850's. In order to publish the earlier articles as a propaganda pamphlet for wide distribution Engels has edited it so that it is approximately as Marx would have written it in 1891. His alterations all turn on drawing a distinction between labour and labour power.

Engels explains with simple concrete examples which illustrate this distinction, that every worker labours for a certain amount of the day equivalent to the value of his labour power hired by the capitalist for the whole day, and that in the rest of the day his labour is producing value which goes to the capitalist as profit. This in essence is the theory of surplus value which Marx foreshadows in Part 3 of "WLC".

#### Questions:

1. Is it with respect or in a spirit of criticism that Engels calls the Ricardian school "the last offshoot of classical economics"?
2. How would you expose Mrs Thatcher's argument that "unemployment is made worse in so far as people pay themselves more than the value of goods they produce. Until we stop that and pay ourselves approximately the value of the goods we produce we shall not cure unemployment"? (Quoted in CS Vol4 No 17 page 3.)
3. In the final paragraph, what does Engels describe as a "conflict in which the present day capitalist society must perish"? Has this conflict been abolished or only partially glossed over in the last 90 years?

PART 1

Part 1 starts with the political situation in which Marx was writing, and illustrates the close relationship between national, democratic and class struggles.

Marx then raises the first question: "What are wages?" He explains that labour power is a commodity and that wages are only a special name for the price of that commodity. He goes on to describe how the worker is forced to sell his labour power.

## Questions

1. Has Marxism Leninism subsequently developed more systematic ideas about how the proletariat should combine the national, democratic and class struggles?
2. Do you agree that workers "belong not to this or that capitalist but to the capitalist class". Is this relevant today?

PART 2

Before asking how wages are determined Marx asks how the price of any commodity is determined.

He describes the war between buyers and sellers that is the result of the unrestrained activity of the laws of supply and demand, characteristic of capitalism.

He shows that the idea of a "high" price or a "low" price can be used sensibly only in relation to the cost of production of a commodity. Supply and demand cause prices to fluctuate around this cost of production.

Marx goes on to argue that the determination of the price of a commodity by the cost of production of a commodity is equivalent to the determination of price by the labour time necessary for the manufacture of a commodity. (In later writings he is to call labour-time the "measure of value which is immanent in commodities" and to speak of prices fluctuating around values, as a result of the short-term effects of supply and demand.)

Marx continues in WLC by arguing that in essentially the same way as for other commodities, the price of labour power is determined by the cost of production of labour power. He explains that the cost of production of labour power amounts to the cost of the existence and reproduction of the worker. This is the situation for workers in general, but like the prices of other commodities, the price (wages) of individual workers and even whole sections of workers fluctuates significantly both above and below this general level.

## Questions:

1. Although there are differences between the conditions of the domestic market and the world market, does Marx's account of the war between buyers and sellers help to explain the recent rises in the price of oil? Do you think the oil-producing countries were in an unusually favourably bargaining situation or do the actions of OPEC illustrate the point made in the last sentence of Section 4.14 of the PD?
2. How would you compare the cost of existence and reproduction of workers in Britain and in Hong Kong? What can we do to unite with the workers of Hong Kong in our common interest rather than letting the imperialists win by dividing us? What are the effects of import controls? (consider PD 4.13)

PART 3

Marx goes on to describe capital. He rejects the bourgeois view that capital is merely a quantity of materials used in production and shows that it is a social relation. Capital consists of exchange value that can multiply itself by exchange for living labour. It cannot exist without being in relation to a class which possesses nothing but the capacity to labour, the working class. Accumulated, past, materialised labour dominates direct living labour.

Marx describes the relationship between capital and wage labour and then sharply exposes the claim of bourgeois economists that there is a community of interests between the worker and the capitalist.

## Questions:

1. Is Marx's analysis of capital being a relationship rather abstract? Is it important for workers to understand for the class struggle? Is it strengthened by his later concept of surplus value?
2. Does a worker in a paper mill produce paper? Does he merely produce paper?

3. What groups of people are arguing today that the fastest possible growth of the productive forces is essential for the well-being of workers (or putting similar arguments)? Are they being answered effectively by us?

#### PART 4

Marx pulls the bourgeois claim apart, generously assuming the most favourable circumstances for their argument, when productive capital is growing and therefore increasing the demand for and the price of labour power. Even in this case, the relative position of labour compared to capital is in fact declining.

He also draws a distinction between nominal wages and real wages, and points out that more money may be put into circulation, and the price of necessities may rise. He makes a further distinction between real wages and relative wages.

Marx shows that any short-term advantage gained by particular capitalists including by the introduction of labour-saving machinery, cannot be the long-term source of profit for the bourgeoisie as a whole. The general law determining the relationship between wages and profit is that they stand in inverse ratio to each other. Profit can only increase rapidly if relative wages decrease just as rapidly.

#### Questions:

1. Do you think Marx's paragraph about the discovery of gold and silver mines in America increasing the money in circulation, supports the sort of approach in PD 4.25 and 4.26 on inflation?
2. How useful do you think is the distinction that Marx draws between nominal, real, and relative wages for exposing the nature of capitalist exploitation today?
3. Do you think that capital has dragged labour in its train by "golden chains" for any significant period of time in the last century?

#### PART 5

Marx examines more closely the question, "How does the growth of productive force affect wages?" He describes how each capitalist must raise the productive power of labour as much as possible in order to be able to undercut his rival by selling more cheaply. This involves a great expansion in the volume of commodities produced. He shows why the capitalist's short-term advantage is lost and how a new lower cost of production of the commodity is established on the basis of more expensive but more productive machinery. The effect of this on a world scale.

Marx then shows that the great increase in the productivity of machinery, forces workers to compete against each other in the sale of their labour power. Also the increased division of labour brought in with the new machinery simplifies the labour skills required and allows wages to sink still further to a less skilled level.

The worker often responds by trying to keep up his own wages by working longer hours or by increasing the intensity of his work.

Marx pours cold water on the claim that the workers made redundant by machinery will automatically find new branches of employment. At best it could only be in jobs that are worse paid.

Even the manufacture of machinery itself is subject to the same process of mechanization which reduces the demand for labour power, and cannot provide sufficient demand for labour to compensate for unemployment elsewhere.

Finally, as the means of production expand to a point where they come up against the limits of the world market, this inevitably increases the severity of crises. These crises require the wiping out of vast sections of unprofitable industry. Thus - and this was the situation most favourable to the apologists of capitalism - if capital increases rapidly, competition among workers increases incomparably more rapidly and forces down the level of subsistence even further.

#### Questions:

1. How does capitalism use the introduction of new technology to step up the rate of exploitation (consider PD 4.20)?
2. What are the causes and the effects of unemployment (see PD 4.19)?
3. From what Marx says about the spontaneous response of workers to increasing unemployment, what attitude should Communists take to overtime today? Should we call for a 35 hour-week, and if so how should we campaign for it?

4. It is thought that the microchip will greatly increase productivity per worker throughout the British engineering industry, leading to substantial job losses. To what extent might the growth of micro-electronics provide employment to compensate for this? To what extent can bourgeois reformists honestly claim that governments could overcome unemployment by restructuring the economy (i.e. fostering the development of new industries to replace dying ones)?

5. Does part 5 of WLC suggest any reasons that may contribute to the low level of re-investment in industry by British capitalism?

6. How lurid or how true is it to say that the British steel, shipbuilding, and motor car industries are "dragging with them into the grave the corpses of their slaves"? What sort of life is likely in 10 years from now for a) Sir Michael Edwardes, b) a worker at present employed in British Leyland?

7. Do you agree with the last sentence of PD 4.18?

8. How much do you think the tendency of capitalism repeatedly to lower the relative value of commodities compensates for its continual tendency to lower the value of labour power? How much does it compensate for the serious personal upheavals and uncertainty about being able to maintain his standard of living, that hang over the head of every worker? What has the vast increase in the forces of production in the 130 years since WLC was published done to affect the relative position of labour and capital, despite the fact that all the capital that has been accumulated has been wrung from the labour of the working class?

9. Comparing WLC with later writings by Marx on political economy like "Wages, Price and Profit" to what extent do you think he increased our ability to expose capitalist exploitation by concepts such as the labour theory of value, the theory of surplus value (which Lenin called the cornerstone of Marx's economic theory), the falling rate of profit, and the distinction between labour and labouring power? Do you think "Wage Labour and Capital" as edited by Engels makes a useful propaganda pamphlet, or is it misleading about Marx's later theories of political economy which you know of?