

CAPITAL

Volume 1

by Karl Marx

Summary

Where there is discord, may we bring harmony. And where there is despair may we bring hope.

Contents

Chapter 1 : Commodities	7
Commodities have Value	7
Labor Imparts Value	7
Universal Equivalent	7
Chapter 2: Exchange	8
Private Aspect	8
Social Aspect	8
“Alienability” of Objects	8
“Atomization” of Labor	9
The “Magic” of Money	9
Chapter 3: Money	10
Metallic Money	10
Circulation: C-M-C	10
Price of everything and...	10
Paper Money and Coins	10
Hoarding	12
Created Wants	12
Credit	12
Chapter 4: Capital	13
The Traditional Spirit of C-M-C	13
M-C-M - the spirit inverted	13
M-C-M' - the general formula for Capital	13
Occultist Overtones	14
Chapter 5: Contradictions	15
Where is all the M' coming from?	15
So, where <i>is</i> all the M' coming from?	16
Chapter 6: Labor	17
The Labour-Capitalist exchange	17
A purely Social construct	17
The price of Labor-Power	17
Relative civilization	17
Equals in Law but...	18
Chapter 7: Production	18
Work	18
Surplus-value	19
Chapter 8: Capital Types	19
a) Constant Capital	20
b) Variable Capital	20
Value from no value	21

Chapter 9: P-R-O-F-I-Ts	22
Doing the math...	22
Chapter 10: Days	24
Fisticuffs	24
How long is long?	24
Greedy? Moi?	24
Letter of the Law	25
Externalities	26
1860 Ireland	26
We know how much, but how <i>FAST</i> ?	26
Too much is not enough	26
Help Us, We're Capitalists!	27
...the Workhouse	28
The *Ideal* Workhouse	28
But what about the children?	28
The Character of Capital: Don't hate the player...	28
"The Saviours of Society"	29
Solidarity, At Last	29
T'was the English wot won it!	29
Chapter 11: Faster!	30
Absolute impossibility	30
The sound of pips squeaking	30
The greatest system ever!	30
<i>I thought we were on the same side</i>	30
How it looks from the outside	30
Corporate Rights	31
Chapter 12: Relatively...	32
It's all down hill	32
Contradiction	32
Chapter 13: Co-operation	33
More sources of M'	33
What happened to Collective Bargaining?	33
Supervision	33
Co-operation in the real	34
Chapter 14: Division	35
The Social Realm	35
Loss of intellect	35
The Machine	35
<i>Bring me your children</i>	36
The New Factory	36
Misplaced rage against the machine	37

No work, no food	37
The ultimate goal of Capital...	37
Chapter 15: Machine	38
A machine (def.)	38
Automation	38
The Ideal Machine	38
What happened to all the “free time”?	38
Child Labor: not slavery - “exercise”	39
Losing our “Bearings”	39
What’s wrong with everybody?	39
Chapter 16: Re-solute	40
Are working people “Productive”?	40
Historical Gifts	40
Chapter 17: Productivity	41
Cause or Effect	41
If...	41
Waste	41
Utopia	41
Chapter 18: Formulas	42
Chapters 19 - 22: Wages	44
19: Nominal Wages	44
20: Time wages	44
21: Piece wages	45
22: National wages	45
Chapter 23: Reproduction	47
A little something for itself	47
Where else could it go?	47
Chapter 24: Cycle	47
One-way system	47
What’s the point?	48
Chapter 25: Accumulation	48
The Formula for C’	48
Human Suffering as “Externality”	48
Capitalism becomes the new establishment	49
Problems, problems	50
Institutions to the rescue	50
A dilemma	50
Back to the future	51
Colonies under Capitalism	51
Chapter 26: Primitive	51
Institutional religion offers an answer	51

Revolutionary - in a bourgeoisie kind of way	51
The end of history	51
Chapter 27: Expropriation	52
The end of feudalism	52
Centralization by defunct	52
Chapter 28: Legislation	52
Chapter 29: Agricultural-ist	53
Chapter 30: Markets	53
Chapter 31: Industrialism	53
Sharing the National Wealth Debt	53
Crises aka Opportunities	53
Chapter 32: Separation	53
Chapter 33: Modernism	55
Capitalism	55
Socialism	55

Chapter 1 : Commodities

Commodities have Value

Use Value

Implying Quality. Inherent in the product itself. *"I love this broach. My mother gave it to me. I wouldn't swap it for the world."*

Exchange Value

Implying Quantity. Relative to other things. *"I'll give you one hammer for those three screwdrivers."* Measured by the amount of TIME it took to produce the product, which also means the amount of LABOR that went into producing it. The faster we produce things, using machines for example, the less exchange value they have. But what about Natural Resources, like trees; they grow into relatively large valuable "products" with relatively little labor. ALSO, if enough people want something, such as a scarce thing, won't its value increase independent of the amount of labor that went into making it originally? When we talk about the "political economy" we are talking solely about Exchange Value.

Labor Imparts Value

Simple Labor imparts Use Value

Example 1: *After a lot of blood, sweat and tears I got this report done just on time. I'm really happy with. I'm sure my boss will be delighted.*

Example 2: *Today, people are coming to view my beautiful Home, which I have put up for sale.*

Abstract General Labor imparts Exchange Value

Example 1: *You made just two typos, that's all.*

Example 2: *200K? for this dump!? There are far lovelier Houses around the block going for much less.*

Universal Equivalent

Something, One Thing only, against which we can measure the value of everything.

Silver | Gold | Money. Value of... now becomes Price of...

So, money is not just a symbol, it is equivalent to something real.

Chapter 2: Exchange

Commodities do not exchange themselves, people do. They exchange them in a social interaction whereby each person involved in the exchange recognises the right of ownership in the other. Also, they view one another as secondary to the objects, which are central to the transaction. In a marketplace, commodities have exchange-value to owners and use-value to non-owners i.e. potential buyers. Also, in a marketplace, which is a social forum, the only proof that an object had value is that it was exchanged for something else.

There are two aspects to exchange; a private aspect and a social aspect.

Private Aspect

“What is the particular value of this commodity to you, as a buyer? Are you going to use it or will you exchange it for something else?”

“That’s my business, not yours.”

Ask individuals in a marketplace of barter what they consider to be the “Universal Equivalent” in that marketplace. They will all tell you that the commodity that they have for exchange is the universal equivalent. If you tell them that everyone in the marketplace is saying the same thing they will tell you that it is the business of us all as individuals to WILL our own commodity around the marketplace.

Social Aspect

“I may or may not “need” the commodity you sell me for my own consumption.

What matters is that I can exchange it for something of equal value or higher. We both understand that, don’t we?”

We need a universal standard - money. *“Agreed!”*. Money is the “beast” to which we attribute our “power and strength” - revelations.

“Alienability” of Objects

Objects are separate from people, and are therefore alienable *by* people. For example, not needing an object anymore and then considering its use value to someone else i.e. its exchange value. We have another socially constructed agreement that says it’s OK to not care anything for any blood, sweat and tears of the production process; you own the object, plain and simple. We could say that a marketplace runs on the assumption that all those present mutually desire to alienate their objects from themselves in a spirit of continual exchange.

“Atomization” of Labor

Production for the purpose of exchange only. Therefore, we skip a step without leaving any trace of it behind. The step? Use-value i.e. labour time becomes more like a menace because the more labour time the higher the price, and the higher the price, the higher the risk of having no buyers. Products, in that regard, now have value that comes from an official stamp from customs.

The “Magic” of Money

As soon as an object is produced it automatically assumes a price tag. If money were just “symbolic”, a common misconception, which is like saying that as soon as we exchange an object for another i.e. turn them, through a social transaction, into “commodities”, then the commodities are but symbols of the objects. But we do not conceive of commodities in that way. Rather, money is a form of an object’s value. The intermediate steps between the labour that went into making an object useful, and the social manoeuvring involved in exchanging that object for money are not just forgotten; they vanish! We sometimes wonder about the “riddle of money” when in fact money is an attempt at a solution to the riddle of what to do with objects once we take them from their maker.

Chapter 3: Money

Although it is not merely symbolic, it is imaginary in that society gives it its value. In other words, money has no price.

Metallic Money

A quantity of metal with a fixed weight serves as a standard price. Gold is a universal measure of value but only because human labor is involved in its production. Price tags are imaginary quantities of gold. While products in the marketplace have use-value, the exchange-value is attributed solely to the universal standard - money.

Circulation: C-M-C

Commodity-Money-Commodity. C-M stands for a sale. M-C stands for a purchase. Circulation aka “social metabolism”¹. When we buy something we take that something out of circulation and exchange it for money, which then goes into circulation, which can then be used to produce more things and so on... Money, therefore, facilitates the movement and circulation of commodities around the society.² On the other hand, just because we sell something, does not mean that we have to buy something; certainly not immediately.

Price of everything and...

Objects can have a price but no value. For example, we can sell our honor, our conscience and so on... if the price is right. Objects such as these are like imaginary numbers³ in maths; they are both real and imaginary at the same time in that they impact on the C-M-C model nonetheless. A more concrete example is land that is put up for sale without having yet been cultivated i.e. no labor has gone into it and is therefore valueless. Another concrete example would be second-hand objects.

Paper Money and Coins

Coins are symbols of the value of gold. We do not trade in gold directly because it wears down too quickly as it gets passed around. To solve this problem the state

¹ Karl is using the analogy of a complete living organism to describe the circulation of money in the society. Metabolism is all the biochemical reactions that occur within a living organism.

² Money makes the world go around, huh? Economists get fanciful about models such as C-M-C as if they are perfect proofs of why a system is “good”. It doesn’t work that smoothly, says Marx.

³ Imaginary numbers aka complex numbers e.g. $4i - 2i$

issues coins and paper and makes them representations of gold, by Law. Paper money must have reserves of gold that back it up; otherwise it's just paper without any value.⁴

⁴ ...how things change!

Hoarding

Money is itself a commodity, which thereby makes it worth hoarding.

As Individuals

For people who hoard money, selling - C-M, is their desired end-point, which interrupts the social metabolism somewhat. We hoard out of necessity in order to pay debts by their due date and we also hoard for the purpose of acquiring social power. Hoarding increases social power in the sense that money, as the standard, can be used in exchange for *any* commodity. Hoarding is amoral in the sense that it is compulsive, in the sense that we never feel like we have enough to pay for... every-bigger things in life, which in turn makes us feel unfulfilled.

As Nations

Nations hoard reserves of gold and silver to ensure they can clear debts both within their borders and abroad aka ensure what is known as a Balance of Payments. These reserves are **not** available to the bourgeoisie to facilitate the direct expansion of capitalism so they keep them at a minimum. When the amount in reserve rises above a certain average then the bourgeoisie tell us that our economy has stagnated.

Created Wants

There is a solution to over-heating: when there is more available product than willing buyers. When people do not need something that has already been produced, it is possible to make them want it. Otherwise it's a waste of labor.

Credit

Credit expands the function of money in the society. When we cannot repay debts on a large scale as a society, we get what is known as a monetary crisis. All we have in our possession are the products we paid for previously but no money with which to buy new products. In these moments of crisis our bourgeoisie tell us that money never really mattered in the first place, that it was a mere figment of our imagination; that it's the products already in our possession that are the real thing. The society, on the other hand, begs to differ - prizing hard cash over mere useless valuables until the crisis subsides.

Chapter 4: Capital

Money making money yields “Capital”.

The Traditional Spirit of C-M-C

That is, we produce a commodity (C) such as food, we bring it to the marketplace and exchange it for Money (M), and then we exchange the money for another commodity (C) such as clothes. C-M-C is a closed circuit that involves exchanging commodities that have use-value to other people for money in order to exchange the money for commodities that have use-value to us. We *expend* whatever capital we get.

M-C-M - the spirit inverted

M-C-M turns the traditional spirit of exchange for the purpose of living into something else, exchange for the purpose of acquiring money.

While hoarders save money for a rainy day, misers save money in order that they may someday be “wealthy”, and believe that we can become wealthy by hoarding at the expense of our health or some such, which is a form of madness.

M-C-M' - the general formula for Capital⁵

As mentioned, money is capital. M-C-M' describes what capitalists do; they aim to buy cheap and sell dear in order to make a profit known as “surplus-value”. The M-C-M' circuit is open unlike the C-M-C circuit, which is closed. Meaning, the sole purpose of the capitalist is to make money from money and then more money from that money *ad-infinitum*. Capitalists *advance* whatever capital they get.

The Rational Miser...

Capitalists are rational misers, meaning that they consciously and wilfully think, act and feel in ways always with a view to the future accumulation of more money from the money they currently have. A miser on the other hand is a capitalist gone mad, believing that by hoarding money and not speculating with it, that is, parting with it temporarily with the view to making more of it, the same end can be achieved - “boundless enrichment”. It is amoral, compulsive and ultimately unfulfilling, in the same way that hoarding is, but it is rational.

⁵ We read M' as “M prime”

...as Capital Personified

On the social scene, such as the marketplace, when the sole purpose of all exchange is to make more and more money, the capitalist is the embodiment of capital. For the capitalist, anything and everything that occurs outside of that exchange is beside the point.⁶

Occultist Overtones

When a culture exists of making money for the sake of making more money it begins to take on mysterious overtones.⁷

Money, as if by magic, making more money, as if by magic, making more money and so on...

Of course, when the value imparted by labour is not just forgotten but vanishes in the presence of money, then the culture attributes magical qualities to the process of the exchange *itself* and to the marketplace.

⁶ The modern term for these occurrences as side-effect is “Externality”.

⁷ Such as geese laying golden eggs and other such nonsense.

Chapter 5: Contradictions

While M-C-M' is the formula for money-making among capitalists in a marketplace, it tells us nothing of where the surplus value, which capitalists so crave, comes from. In other words, the circulation of money around a marketplace between the capitalists themselves hardly advances capital in any significant sense.

Where is all the M' coming from?⁸

Buy Cheap, Sell Dear?

Price fluctuations, while a facet of the marketplace do not account for M'. In other words, buying and selling commodities for more or less the same price hardly advances capital. Besides, the pressure is on the seller to keep the selling prices relatively reasonable. Why? Because social interactions such as buying and selling come with socially accepted norms such as "socially acceptable labour time" that went into producing the commodity for market in the first place. While the Merchant class is resented for their M-C-M' behaviour, in particular for their attempts to buy cheap and sell dear, the money lenders are probably the most despised in society due their particular formula for capitalism, namely M-M'; no commodity, just surplus-value on money itself.

Cheating? The limits of rip-off

While the people of Asia Minor were able to cheat the invading Romans somewhat in relation to prices, and as a result, claw back at least some justification for their labours it doesn't make a significant dent in relation to big capital⁹.

Bargains? There's no such thing

The argument that people sell things they do not want at a bargain to other people who want them does not hold water in relation to commodities as having more or less stable prices due to the labor that went into them.¹⁰ The problem with the argument is that it confuses use-value with exchange-value - "*I don't need this, you have it for next-to-nothing*". And while someone might exchange a commodity

⁸ Aside: Karl Marx is advancing his thesis as a riddle. He already knows the result and he is guiding us through a process that precedes the result; a process of elimination.

⁹ Likewise, while people shoplift, switch price tags, return used goods for refund and so on...; it is but a drop in the ocean when capital becomes relatively big.

¹⁰ Argument with an economist, Condillac, ensues...

for less than it's true value, as measured in labor time, it is not the norm in the market place and therefore hardly accounts for M' in the large.

Consumers? As if out of nowhere

Modern economists are fond of talking about consumers as if they are a class in their own right, as if they do nothing but consume without producing anything with which to exchange for products they consume. In order to buy, we have to produce, which means we are entering into a social exchange, which again, comes with its social norms. So, the notion of a class of consumers does not account for M' either.

So, where *is* all the M' coming from?

Clue: Leather has a more or less stable price in the market place. Leather boots of a particular kind have a more or less stable price, too.

But leather boots are priced far higher than the amount of leather, as a raw material, they contain.

We need to back-track a little in order to consider again something in relation to value that vanished as soon as money appeared.

Chapter 6: Labor

Conundrum: How can someone purchase a commodity and then sell it again, at more-or-less the same price, and make M' in the exchange. There is nothing inherent in the $M-C-M'$ exchange that produces surplus value. So, what is the magical ingredient? It is labor-power, says Karl Marx. That very special element that vanishes as soon as usable products are taken to the marketplace to be exchanged for M .

The Labour-Capitalist exchange

- ☞ Working people are selling a commodity that they own, their labor-power.
- ☞ Both working people and “moneybags” are equal in the eyes of the law. That is to say, they each own the right to that which they are exchanging in the marketplace.
- ☞ Working people must forgo any rights in law to a commodity having produced it from raw materials and tools belonging to moneybags.

A purely Social construct

Just like for exchanging objects on the marketplace, we must first alienate those objects from their use-value to exchange value i.e. their use-value to someone else. Working people do the same with their labor. They alienate it from themselves aka objectify it, and then rent it to moneybags. That some people own money and others own their labor-power only is not a natural phenomenon. It is a historical phenomenon that developed over time and through numerous economic revolutions. For example, natural resources were there before moneybags appeared.

The price of Labor-Power

Calculated as the sum-total of: a) time taken to do the work; b) resources necessary to sustain one's self and c) resources necessary to procreate and thereby replace our labor with the labor of our offspring once we die.

Relative civilization

We can estimate the level of civilization reached by a society by considering b) and c) above. In other words, what is considered as a socially acceptable level of subsistence for working people? Food, shelter, heat...? Anything else? The concept of subsistence is a moral concept because it raises the possibility of relative

exploitation. That is, what we as a society regard as fair on the one hand and exploitative on the other. Also, a certain level of education and training must be given to working people so that working people can deliver their labor power efficiently to the employer. Who pays?

Equals in Law but...

As mentioned, working people must be able to meet in the marketplace as equals in order to participate in a lawful exchange of labor for money.¹¹ But once the production process gets in motion, working people are subordinate to moneybags. The difference between wage-labor and slavery is that with wage-labor working people rent themselves for a certain period of time, say 9am-5pm, while with slavery they pawn themselves indefinitely - until moneybags sees fit to release them.

Chapter 7: Production

The production process is more or less the same whether it is organized by working people or by capitalists.

Work

When workers rent their labor power they must then set themselves to the task of the actual work, which yields use-value for the capitalist.

Not Animal, Human

Humans differ from animals in relation to work in that humans form an image in their consciousness of how the product of their labor is going to appear as finished product. Humans then must consciously *subordinate* themselves to the task of work in order to realise these inner visions they construct in their minds. The fewer humans enjoy the work, the more forcefully they have to make themselves do it.

Control

The capitalist is in control of the production process in that all of the raw materials, tools, equipment and labor-power is the property of the capitalist in Law. Capitalists consume the labor-power of workers by in turn getting the workers to “consume” the raw materials and other products in the process of producing use-value for the capitalist i.e. exchange-value. And while the exchange

¹¹ For example, a job interview is the marketplace while the production process occurs in the workplace.

of commodities in the marketplace is a social construct, the process of labor-power acting on nature in order to produce use-value is not a social construct; it is a necessity of life.

Surplus-value

While products such as boots are necessary for all social progress, the capitalist does not arrange for the production of boots for their use-value, but for surplus-value. The capitalist estimates value for money of labor-power in terms of the socially acceptable time it takes working people to produce a specific amount of use-value e.g. 12kg of cotton turned into 12kg of yarn in 12 hours.¹² At the end of the production process, it would appear to a naïve capitalist that the value invested is Equal to the value returned. But what about Surplus-value?

The Economists' Creed¹³

It would be an outrage if capitalists were to get nothing but equal value for the end product for their initial investment. Capitalists invest their money in order to offer a service to society. Surely, it goes without saying that they are entitled to something.

All they are “entitled” to is a good conscience and satisfaction in the knowledge that virtue is its own reward. They either aim to provide an honest “service” as you call it to society or else they aim to make a profit. They can’t have it both ways.

Ahead of the Game

The capitalists are already ahead of their disciple economists by paying working people a certain price for 12hrs labor-power, not 6hrs.

That is where the profit comes from. And no matter what business the capitalists are involved with, whether it be so-called “skilled”, “semi-skilled” or “unskilled” labor, they always make their capital by extending labor time. That is the secret of the quality that vanished and was replaced with M’.

Chapter 8: Capital Types

Two types of capital: a) Constant Capital and b) Variable Capital

¹² That is where the socially constructed idea of measuring labor-power in terms of TIME comes from - the capitalist.

¹³ Aka the creed of the vulgar economy whereby the capitalists experience entitlement to a return on investment without inputting their own labor-power.

a) Constant Capital

The value invested in the means of production; tools, instruments and equipment.

b) Variable Capital

The value invested in working people.

Working people have to be sustained. Also, they come, go, die and are replaceable. Variable also in the sense that the more they are put to work, the more surplus value they produce, and vice-versa. Working people create value each time they work by doing the “job” that Capital¹⁴ assigns to them.

The job of variable capital

The “job” of working people is, from the point of view of the capitalist, a) to “preserve” value and b) to “create” value.

Working people create value when they work, they also preserve the value in the raw materials that the Capitalist presents them with.¹⁵

- ☞ **Preserving Value:** When working people turn up for work the Capitalists can assume that the raw materials, the constant capital in their possession on that day, will in fact be converted into exchange value.
- ☞ **Creating Value:** Working people, by setting themselves to work, perform the act of creating value for the capitalist.

The Actual Difference? We might say that “preserving” value relates to the Capitalists’ presumption that the working person will “create” value, while “creating” value relates to the working person in motion of adding value. The reason for the discrepancies is that the capitalist plans the production process in as much detail as possible in an effort to predict M' as accurately as possible.

Depreciation

When a machine wears out and ends up in the lumber yard it is not that the machine was a waste of money to begin with. Rather, the machine has transferred

¹⁴ “Capital”: Karl uses the word capital both here and previously as if it were a person. As mentioned in Chapter 4: Capital, the capitalist is the embodiment of capital and therefore he uses the terms “Capital” and “Capitalist” interchangeably because “Capital” or “M” embodies the WILL of the capitalist.

¹⁵ The distinction Karl makes between creating value and preserving value is not all that clear. Although it is worth bearing in mind that he is trying to describe capitalism from the point of view of both the working person and the capitalist at the same time!

its value over time into the products. Machines do not contribute more exchange value than they are worth, in the social realm. For example, doubling the price of yarn because it was made using a golden spindle does not work out in the marketplace.¹⁶

Value from no value

Natural resources, in their virgin form, have no “value” as such, meaning that no labor has been added to them to convert them into use-values. But much of what Capitalists use to derive value comes from things such as trees, water, minerals, and virgin forests and so on...

Can Capitalists lay claim in Law to such things? Also, a mother who nurtures a child to grow into a healthy, confident, educated working person of use-value to the capitalist; does the mother have a claim in Law to some exchange-value for the child?

¹⁶ All the time, Karl, by a process of elimination, helping us identify what accounts for M' . Bearing in mind that Capitalists and their economist disciples would have us believe that it is some magic quality attributable to their marketplace.

Chapter 9: P-R-O-F-I-Ts¹⁷

C=capital

c = means of production (constant capital)

v = labor-power (variable capital)

s = surplus value

Doing the math...

From Capital to Capital-prime

$C = c+v$ Capital is the sum total of means of production and labor-power.

$C' = C + s$ ¹⁸ Total capital is Capital plus surplus value

But “c”, the means of production, are only partially used up in the production process.¹⁹

Therefore:

$C'-C = s$ Surplus value is the total capital minus original capital.

The Rate of Surplus Value

s/v The rate of surplus value is surplus value divided by the cost of labor

Capitalists never publish their calculations of the rate of surplus value even though it is the magic factor that produces C' .

Exploitation

While “Exploitation” sounds over-emotive and melodramatic, it is simply the labor time for which the capitalist does not pay working people.

In other words, capitalists pay working people for their labor (v) but not their surplus labor (s). The problem then arises for capitalists and their economist disciples to massage feelings, facts and figures in order reduce as much as possible, or even “vanish” the actual value of (s) in the minds of the public. In that regard, we could say that the struggle of working people or the class struggle is to bring (s) into its sharpest possible focus and then demand that it be reduced or shared. But the Capitalists and their economist disciples do more much more than

¹⁷ In polite society pronounced “jobs” - N.C.

¹⁸ C' is the same as M' . (it seems, not sure, check...)

¹⁹ Karl points these details out because capitalists and their economist disciples exaggerate them in a desperate attempt to disguise, cover up and magically vanish “s”

that - they attempt to convince working people that they are ungrateful, selfish and wicked in that regard. Their trump card...?

...(s) the antidote for Idleness

Putting people to work for longer than they are paid to work is a service to society as it prevents working people from becoming idle and immoral. Although some unemployment is necessary in order to keep the public grateful, too much unemployment leads to civil unrest.

Chapter 10: Days

Capitalists regard any free time that working people have to themselves as a form of theft of M' from the Capitalist. Both capitalists and working people have equal rights under law in relation to how they negotiate the price of labor in a marketplace exchange. That is to say, working people are free to sell their labor and capital is free to buy it.²⁰ It is, therefore, a battle of free wills between the capitalist and the working person as to the character and details of any contracts arising from the exchange.

Fisticuffs

The only way capitalists can make M' is to exploit the time of working people. Capitalists hold the balance of power, not only due to their wealth, but also due to the institutions of a state-capitalist framework. The result? Structural violence and class tension. Measures such as the minimum wage and so on... are but Band-Aids and, of course, do nothing at all to change the fact of what a capitalist IS - an embodiment of Capital with the sole purpose of increasing that Capital.

How long is long?

First, a day is the number of hours working people must endure in order to cover the costs of their subsistence, which is a socially accepted market value that changes, as mentioned, in relation to the current level of civilization the society has achieved. The ideal working day, from the point of view of capitalists, is the number of hours a working person can effect while producing use-value of a socially acceptable standard.

Greedy? Moi?

Although capitalists did not invent surplus-value, they have been, throughout the centuries, perfecting ways of disguising it as such from the public. The actual deal is more or less, say, *36hrs in a week: 18hrs for your upkeep and 18hrs as surplus-value for me*. In a capitalist nation every effort is made not just by capitalists themselves, as mentioned previously, but by every other institution of the state to cover up the notion of surplus-value, or at least downplay its significance²¹.

²⁰ "Free" meaning free from government and state interference.

²¹ Inc. the education system? No Way!

Letter of the Law

In a free society it means free interpretation of the law, that is, from government interference. In a capitalist society it means government intervention on the part of capital to either rescue it from working people or from itself. Besides, “*we all know what the LAW says but do you want to keep your job or not?*”. Threats, bullying, encroachment by stealth and so on... If found out to be in violation of the law, the costs and penalties for capitalists can be high. Capitalists, therefore, regard breaking the law or at least bending the law in one way or another as a matter of calculated risk within an overall cost-benefit framework.

Externalities

Any degeneration of the population in body, mind or soul caused by capitalism will politely be here thereto be acknowledged but not recognised as the responsibility of Capital. Free trade, from the point of view of the capitalists, means “turning an honest penny” into M’ by whichever means necessary Inc. Adulteration of food and drink consumed by working people and the public at large.²²

1860 Ireland

Fought for and won a 12hr working day, thanks, in no small part, to the clergy-class, which expressed serious concern about longer working days encroaching on the family duties of working people and thereby contributing to a moral decline of society but, and more importantly, to social unrest! Any more than 12hrs of a working day turns people into white slaves!²³

We know how much, but how *FAST*?

What concerns capitalists most is the rate of surplus value, which is an even more taboo subject than surplus-value in and of itself. Capitalists view anything less than the 24hr day as a giveaway of some form or another. So, rather than allow rest and repose for working people as a farmer would, in order to keep the soil fertile, capitalists tend towards demanding what they want sooner rather than later, regardless of any benefits that might come with waiting a while.

Too much is not enough

At any point in time, capitalists view the portion of the population that is beyond their current capacity to employ as an excess of population.²⁴ Capitalists continually pressurise the government to lengthen the working day while organized working people pressure the government to reduce it. Also, capitalists pressurize the government to lower taxes in order that they might pay working people less in response; a strange juggling act ensues between capitalists and the government whereby the capitalist, while wanting to pay working people less, must ensure that

²² *Get This!* In bourgeoisie circles adding dust, cement and so on to bread in order to give it cheap “bulk” turns the product, bread, into a more “sophisticated” product.

²³ Morning star newspaper...Ireland or England? Not sure.

²⁴ ...wonder where that could lead...

the government does not reduce taxes so low that working people might choose to work less.²⁵

Help Us, We're Capitalists!

In its start-up phase, Capital insists on help from the government to create “jobs” and so on... In this embryonic stage it is willing to toe the line and suffer the government oppression of labor regulation. Then, when it becomes powerful enough, it tells the government to mind its own business. But with 7 or more people out of 8 people without property, living from day-to-day, there risks that a *mob* mentality could take hold especially among the unemployed, who may well regard themselves as “independent” of Capital and its influence. Therefore, the government on the advice of the capitalists must Act to deal with the excess population.

Their proposal...?

²⁵ One way of getting around the “will to work less” problem is by organizing the institutions of the broader society to encourage more and more people into debt.

...the Workhouse

Not like mental asylums within which the occupants are given proper food and so on... but “houses of terror”. In other words, whatever workhouses the government have in mind must not compete with Capital in terms of conditions; they must be worse so that working people will consider themselves luckier to be at work for Capital than to end up in one of them. Once tried and tested by the government workhouses then appeared to Capitalists to be a more novel way of running things.²⁶

The *Ideal* Workhouse

The Factory. A totally new-wave in capitalist production. All people of whatever morals, nature, age, gender and so on..., thrown together in a place within which no one can tell if it is day or night. Aka “a capitalist orgie”. The result? Confusion among working people as to their traditions, understandings, expectations and morals are broken down, not just quickly but suddenly! Hailed by the judiciary of the day as a remarkable triumph for the “freedom of labor”.

But what about the children?

Here come the inspectors! Children must be “relayed” so that they do not end up working the same shifts as adults. In other words, children need at least a couple of hours break every four hours in these night-and-day havens. Doctors begin pushing parliament to legislate re: the death of children.

The Character of Capital: Don't hate the player...

Parliament enacts.

Capital rebels:

- ☞ Advises working people not to support their government in enacting protections on the pain of losing their jobs and starving.
- ☞ Cuts wages by over 25%
- ☞ Advises working people to sign a petition re: the oppressive nature of the government's legal protections²⁷

²⁶ It's a common approach, according to N.C. for Capital to propose ideas to the state, which gives them a test-run and if the idea succeeds, then bounce the idea back to Capital so that they may reap the benefit without the risk and waste involved in testing.

²⁷ For example, if you can't work longer hours, I can't pay you longer hours and then how will you pay your bills?

- ☞ As factory legislation piles up capitalists respond collectively by sacking up to half the factory workers²⁸
- ☞ Begin encroaching into the minutiae of meal times and break times
- ☞ Conducts a campaign of complaints to various institutions such as media about their “grievous hardship”
- ☞ Puts pressure on factory inspectors to stand above the law as a duty to the factory workers, who need more hours for more wages
- ☞ Overwhelms parliament with a dust-cloud of petitions
- ☞ Pours resources into fighting in the courts, on a case-by-case basis, in front of a generally sympathetic judiciary

“The Saviours of Society”

The media rushes to the side of the capitalists as benefactor, advising parliament to learn more from capitalists *about “what a reasonable degree of care and method can accomplish”*. With the media onside, capitalists lose the run of themselves and release a “terrorist energy” on the public in the form of zero-hour contracts, without the contract. Men, women and children are taken from the street for half an hour here and an hour there, night and day. The men end up on the booze, the women end up frequenting brothels.

Solidarity, At Last

The sectors of society not directly involved in factory work, but middle class and so on... start to join with the factory workers. Why?

They make the connection, correctly, that *the state of the place* is due directly to the conditions of the factory workers.

T’was the English wot won it!

English economic theorists begin to articulate the source of the problem for the media, parliament and the public. The French follow, slowly.

America raises the idea of an 8-hour working day while clearly recognising the direct relationship between M’ and labor time.

A modest Magna Carta follows, which guarantees certain rights of working people in Law.²⁹

²⁸ The reason? “No alternative”

²⁹ Magna Carta now under renewed attack from Capital on its 200th birthday. - N.C.

Chapter 11: Faster!

If the daily value of one labor-power is 3 shillings and the working person is outputting at 100% capability, then the daily value of one labor-power is still 3 shillings.

Absolute impossibility

Having just 24 hours in the day is problematic for Capital because it means that the M' yield from each working person will always be less than 24 hours.³⁰ So, while Capital can make the same surplus value with less variable capital by lengthening the working day, the value of commodities for exchange will be an absolute maximum of, say, 23hr 59 minutes, given one minute rest for each working person.

The sound of pips squeaking

So, the task for Capital is to exploit labor to the fullest within that 24hr time limit while also reducing the variable capital to the minimum and while employing the minimum number of working people. In other words, Capital sets the minimum of working people the task of creating the maximum surplus value with the minimum variable capital - raw materials and means of production.

The greatest system ever!

Capitalism surpasses all earlier production systems in pumping out surplus-labor.

I thought we were on the same side

In the start-up phase of a would-be capitalist venture, both would-be capitalists and working people stand in relation to the means of production, not directly to Capital. That is to say, they, would-be capitalist and working people alike, all apply their intelligent activity to the means of production. However, once the would-be capitalist moves from collaborator on projects to controller of projects, the working people come under their control and, from then on, relate directly to Capital and its need for ever more surplus-labor.

How it looks from the outside

As mentioned, the natural relation of a working person is to the means of production i.e. the tools with which to generate use-value. But in capitalist

³⁰ Remembering that exchange value is a measure of the socially accepted labor time that goes into making a product for exchange.

production, the relationship is the other way around. That is, the means of production under the control of Capital now absorb the working people instead of being absorbed by them. In other words, from the point of view of Capital and the society at large, the working people are secondary to the means of production.

Corporate Rights

Working people are simply “the hands” of Capital absorbed by the means of production into the production process, and from that point on we begin to examine the question of title and rights of capital to labor and surplus-labor as useful tools in the production process owned by Capital.

Chapter 12: Relatively...

In order to make M' it is not enough for Capital to simply take over the means of production and extend the labor day. Capital must revolutionize the society, the technology and the modes of production so that they all work in relation with one another to make working people more productive³¹.

It's all down hill

As working people become more productive, the value of their labor-power falls because the amount of time it takes them to make products is reduced, and the price of commodities, as mentioned earlier, is based on the amount of labor-time that went into producing them. As the value of labor-power falls, so the portion of the working day necessary to pay working people their subsistence wages falls too. With the result that working people can devote more of the working day as surplus-labor, which is the direct cause of M' .

Contradiction

If working people are taking less time to make individual commodities then the exchange-value of those commodities in the marketplace will fall, which of course means less M' . But doesn't Capital want more M' ? Of course, but Capital knows how to take a long-term view of things: So, while commodity prices are falling labor is working longer and harder to make up for the corresponding fall in value of their labor-power, which ties both productivity and labor-power together. The wider society, whether or not it is conscious of it, understands this equation: Labor-power \uparrow + Productivity \uparrow = Prices \downarrow . What it probably does not recognise consciously is that lower prices are always directly related to drops in wages.³²

³¹ But how does revolutionizing the "society" have a direct impact on the productivity of working people? We'll see in a minute...

³² Whether society cares or not is another matter. Karl is just pointing it out for us. But that is how Capital revolutionizes society - by getting them indirectly full-square behind Capital in the exploitation of labor-time for ~~PROFIT~~ lower prices.

Chapter 13: Co-operation

In the start-up phase of a would-be capitalist entity, would-be capitalists tend towards mucking-in with other working people. It is not until capitalists have enough working people under their employ can they remove themselves from the production process. When they do reach that point, they are now full-grown capitalists in that their relations to both the working people and the production process take on a different character - a more “objective” character.

More sources of M'

As the workforce grows under capitalists, it has a combined effect of reducing the price of the commodities capitalists bring to the marketplace for exchange for M' . We know that the marketplace measures the price of commodities in consistence with the amount of labor time invested in them. But there is another factor at play here; the combined value of a multiple of working people co-operating towards the same end. Co-operation (def..) Working people working together in the same production process or a related production process. This process a) increases productivity of each individual working person through the comradery, it also yields a new form of labor-power - “mass-power”.³³

What happened to Collective Bargaining?

While capitalists yield the benefits of co-operation in the form of mass-power, working people, on the other hand relate to capitalists as individuals - first in the marketplace and then in the workplace. The society at large tends to credit capitalists with this mass-power even though capitalists are not directly involved in the production process.

Supervision

Capitalists replace themselves in the production process with supervisors and managers. The yield for the capitalist due to mass-power is then credited to those supervisors and managers, while the capitalist yields the extra M' resulting from it. Again, labor power and surplus value are magically vanished from the equation.

³³ The thrust of Karl's, thesis on the whole is to account, in detail for M' ; that mysterious quality that capitalists and their economist disciples attribute to the mysterious marketplace.

Co-operation in the real

In primitive societies and communities, the means of production were the common ownership of the society. Also, each working person experienced a natural attachment to the community and to the co-operative effort involved in the production process. Capitalism mimics this production process by sporadically throwing people together and yielding the benefits thereof.

Chapter 14: Division

There are three kinds of division of labor...

- 1) ...in general e.g. agriculture and industry
- 2) ...in particular e.g. expertise in a finished product such as envelopes.³⁴
- 3) ...in detail, which is the kind of labor that happens in factories

The Social Realm

Primitive societies have natural divisions of labor along the lines of age and gender, geography, climate, and culture.³⁵ Capital breaks off social division of labor so that it becomes detailed division of labor.³⁶ With social division of labor working people individually produce products from beginning to end while in capitalist division of labor they work on a part of the product as a mere appendage of the capitalist workshop.

Loss of intellect

The intellectual capabilities of working people as social beings begins to wane and eventually disappear. The science and art they once applied to their work now becomes incorporated into Capital, which then sets working people to task in the service of Capital.

The Capitalist system of production therefore makes working people *as stupid as stupid can be*.

While parliament insists that children ought to be educated for their own well-being, Capital argues that children are best taken under their control as young as possible so that they may get used to the rhythm of continuous production. But when children employed by Capital are no longer useful to Capital, as children, they have not learned any new skills in the meantime that will help them as adults.

The Machine

In the capitalist mode of production the tools-of-the-trade are transferred from working people to machine. From then on, the machine manipulates the tool

³⁴ Karl refers to this type as species and sub-species

³⁵ That is 1) and 2) above.

³⁶ That is 3) above.

under the operation of the working person.³⁷ It is as if working people provide the “brawn” while the machine is the “brains”. Co-operation among working people becomes but a technical necessity. Capital measures the productive value of a machine in relation to how many working people it replaces. And while the cost of products go down somewhat, so does the cost of labor - a lot, which ultimately yields more M’.

Bring me your children

So, while muscle-power drops in value, women and children must enter the workforce to make up for the shortfall to Capital. In other words, say, four members of a family now produce the same surplus-value for Capital while receiving the wages of one member to sustain all four. Traditionally, workingmen dealt with Capital in the marketplace as free equals before the law, now workingmen introduce their wives and children to Capital and, in essence, become slave-dealers. Also, the working day for all must be lengthened if working people are going to be worth their wages to Capital. Eventually, a working man AND his entire family must make themselves available to Capital for the duration of their entire lives.

The New Factory

While tools, instruments and equipment become part-and-parcel of machines, the relationship between working people and the tools of their trade is abolished. Labor can now be averaged out more and more so that anyone, regardless of age, gender or skill level, can operate a machine. Capital prefers children in that regard because they are cheaper, they learn faster, they are more nimble, and they complain less.

The instruments of labor now employ working people as opposed to working people employing the instruments of their labor. Working people are now a lifelong appendage to a machine. The know-how of the production process from beginning to end for a given use-value is now the power of Capital over labor.

³⁷ A more modern example is of computers that build software with little or no input from the computer programmers.

Misplaced rage against the machine

Luddites: Working people begin to rebel - against machines, at first, until they realise that their exploitation is not the fault of the machines but due to a socially constructed relation to Capital itself. The machine, from the point of view of Capital, is a means for breaking the resistance of working people by simply displacing them so they are no longer part of the production process.

No work, no food

But if working people are not necessary and there is no need to pay them wages then what is to become of them re: subsistence? They begin emigrating and moving hither and thither to find employment.

The ultimate goal of Capital...

...to undermine the sources of wealth arising from natural resources AND working people so that Capital and its economist disciples can attribute M' to the magical mystery of the markets.

Chapter 15: Machine³⁸

The industrial revolution begins, officially, with the invention of the spinning wheel.

A machine (def.)

A mere implement, which happens to be fitted with all the tools that once belonged to working people. Machines can then be organized into a system of machines and sub-machines so that even the most basic interactions among working people, such as co-operation, are now automated.

Automation

When a machine can mimic the movements of working people without the involvement of working people. From then on, it is just a matter of perfecting the machine for efficiency in ever-more detail. Also, once automation begins in one area, such as manufacture, other areas such as raw material production and agriculture must therefore keep up.

The Ideal Machine

A combination of applying infinite *force* while under perfect *control*. Capital asserts that machines ought to be in a state of perpetual motion, as time lying idle means loss of M' .³⁹ Human weaknesses such as morals, perceptions of length of day and so on... only stall the generation of M' and are therefore the enemy of Capital. But, no matter what the new thing in production systems is at any given time, it is, in the view of Capital, but a stepping-stone to the next new and better system.

What happened to all the “free time”?

Machines and technology once promised free time. But for whom? The answer is simple: for whomever owns the Means of Production. Technology is designed to absorb ever-more labor-power.⁴⁰ As long as technology is “on” then working people

³⁸ Karl elaborates in ever more detail on key points already made in the previous chapter: division of labor

³⁹ Bearing in mind that Capital is acutely aware of potential gain, which means, for Capital that any less M' than what “could have been” is robbery of M' from Capital.

⁴⁰ Modern examples: email, mobile communication devices.

must too be “on”. And as working people are displaced by machine they overcrowd the labor market with the result of driving wages down.⁴¹

As Capital grows and becomes more complex intermediaries, middlemen, and facilitators “parasites”⁴² step in to take their share - job agencies, for example.

Child Labor: not slavery - “exercise”

Parliament, in the view of Capital, ought to view the use of child labor as a public service, because it is a form of exercise in the form of gymnastics while getting a wholesome education about the real-world.

Losing our “Bearings”

Human beings need some mode, be it semi-formal or informal, of connecting with one another but Capital soon comes to⁴³ be running everything. Small industries disappear and the opportunities for connection with one another goes with them. How? Because Capital is, in some ways, an exercise in centralization - around itself.⁴⁴

What’s wrong with everybody?

Capital wonders aloud why working people do not/cannot/will not... stand up for themselves without government help, while forgetting...⁴⁵ The ultimate goal of Capital is to rob everything from everyone, including nature, in the pursuit of M’.

⁴¹ Begs the question: is there anything at all good about a capitalist system of production? Yes, but for the owners of the means of production, as mentioned; remembering that the sole aim of Capital is M’ and nothing else.

⁴² In the view of K.M.

⁴³ ...Because it aims to...

⁴⁴ Urbanization as an example in the large; co-sponsorship of leisure activities as a smaller one.

⁴⁵ ...A Lot!

Chapter 16: Re-solute⁴⁶

The only source of M' is the *extra* hours of labor that working people contribute *after* they break even with Capital.

Are working people “Productive”?

While the starting point for productivity, from the point of view of working people is, say, 9:00am each morning, Capital and its economist disciples take a different view; they regard the starting point for productivity at say 2:00pm each day - the point after which working people generate M' for Capital.⁴⁷

Historical Gifts

Constant and variable Capital is not just something available in the here and now, it is the accumulation of 1000s of centuries of development - a historical development in science, art and every other human endeavour for which Capital does not pay.

⁴⁶ Relative and Absolute surplus value.

⁴⁷ Karl argues working people who view their productivity from the same vantage point of Capital would likely cause them shame as opposed to pride in their efforts.

Chapter 17: Productivity

Cause or Effect

Capital and its economist disciples argue that surplus-value causes surplus-labor, that is to say, so the argument goes, that the more M' Capital makes, the more working people it can take under its wing. But surplus-value is an effect/consequence of surplus-labor, not a cause. Another example argument is the necessity for working people to increase productivity, if they want a pay-rise; but working people, in a system of capitalist production, are already working beyond the socially acceptable time to produce use-values.⁴⁸

If...

...the working day were to shrink to the socially acceptable time it takes to produce use-values, surplus-labor would vanish and it would not be capitalism, it would be social production.

Waste

Capitalist production results in “an extraordinary squandering of labor-power” in the sense that Capitalist control over the means of production squanders the social means of production.

Utopia

Working people could be spending their surplus-labor on self-development or possibly, with a conscious decision and effort, to contribute something more to society as a whole.⁴⁹

⁴⁸ Remembering that from the point of view of Capital, “productivity” begins only after working people have generated use-value.

⁴⁹ Karl recognises that working people using our efforts to enhance the quality of life for other people, or society as a whole, requires self-conscious constraint and conscious acts of will. In other words, it doesn't occur to us automatically. Capital, on the other hand, regards such notions as impossible and against a fundamental tendency of working people, without the leadership of Capital, to act immorally.

Chapter 18: Formulas⁵⁰

Get This...!

Formula 1:

$$\frac{\text{Surplus Value}}{\text{Variable Capital}} \left(\frac{S}{V} \right) = \frac{\text{Surplus Value}}{\text{Value of Labor-Power}} = \frac{\text{Surplus Labor}}{\text{Necessary Labor}}$$

The formulae above describe what actually happens in political economy, but it is largely unconscious.⁵¹

Which begs the question: why would sound political and economic mathematical formulae play out in the political economy in an unconscious way? Given, that it is conscious, logical and structure math we are looking at.

The Answer? First let's look at the way Capital and its economist disciples *prefer* to present formula 1...

... as Formula 2

$$\frac{\text{Surplus labor}}{\text{Working Day}} = \frac{\text{Surplus Value}}{\text{Value of Product}} = \frac{\text{Surplus Product}}{\text{Total Product}}$$

But we're not Mathematicians

Good! In that case we won't have the faintest idea how long a **Working Day** is in **Formula 2**. But never mind it's set at "1" - a constant⁵².

So...

If we take 6 hours of labor divided by a working day of "1" we get 6. Meaning 100% surplus labor. But that is not necessarily true because we know that the first, say, three hours of a six hours day goes to paying working people's wages. So, that couldn't be right.

If, on the other hand, we take 6 hours surplus labor divided by say 12 hours working day we get a surplus value of 50%, which is correct BUT the argument, according to formula 2 would mean that surplus-labor could never reach 100%,

⁵⁰ No-no: *Formu-lae*. K.M.

⁵¹ Interestingly, Karl says it all happens unconsciously. Interesting because belief systems have a lot to do with what is seen and unseen and also with what is revealed and hidden by their masters and disciples.

⁵² Just "1" single period of blood, sweat and tears -up to 24 hours in length.

which is nonsense.⁵³ Also, a surplus labor of 100% would mean a break-even deal between Capital and working person, as described here firstly.

What are we left with?

A mathematical formula that defies logic while it attempts to hide logic.⁵⁴

⁵³ A surplus labor of, say, 1 hour *is* what it *is* - 100% of 1 hour!

⁵⁴ Welcome to the world of Capitalist economics. That, according to Marx is what all the economic mumbo-jumbo is about - hiding the source of M' - see footnote - 51.

Chapters 19 - 22: Wages

Four chapters on wages.

19: Nominal Wages

The labor-power of working people is the only “commodity” in the marketplace which automatically sells for less than its true value.

Also, working people get paid *after* they work, which leaves them vulnerable to the whims of Capital as to whether or not they get paid at all.⁵⁵ The idea of formulating surplus value i.e. labor-time for which working people are not paid, as a Law is impossible in a society that regards itself as free and civilized. Therefore, the idea that Capital is obviously entitled to M' at the direct expense of working people is but a vulgar assumption in a vulgar economy. In other words, there is no law of nature or even law of Law, except in totalitarian societies, that says that the value of working people must be treated less reasonably than the value of other commodities.

20: Time wages

Working people rent their time to Capital while Capital aims to extract the most value for wages from working people aka. labor intensity.

Typically, working people in a capitalist system of production are more concerned with what they get in wages than they are in what they contribute in output. But, if working people examined the situation from the point of view of Capital then they might look for a better deal from Capital.

Win-win for Capital

The longer the working day the lower the hourly rate. The broader the wage time e.g. one month as opposed to one week, the easier it becomes for Capital to disguise hourly rates. When working people then opt to negotiate an hourly rate then Capital responds by employing labor for an hour here and an hour there, while extracting high intensity effort from working people during those hours. The effect is a sense of disorientation among working people as they oscillate between hyper-intensity labor and no work at all.

Crises aka. Opportunities

Capital deliberately creates crises of employment in the marketplace with the intention of forcing labor costs down continually AND by increasing the length of

⁵⁵ We don't get an option to read a book and then decide whether or not it is worth paying for.

the standard working day. Such a system of production under the ownership of Capital with a sole purpose of augmenting M' will therefore never be "fair" or "reasonable" from the point of view of working people, just "understandable" from the point of view of Capital.

21: Piece wages

Working people are paid according to the quantity of product they produce, given a minimum socially acceptable quantity as a function of time. Capital continually tries to raise that standard quantity as high as possible in the marketplace. The cost of supervising working people who are paid piece wages goes down because Capital needs only to count the final quantity of product and check it for average quality. If the quality and/or quantity are lacking, the working person can simply be fired.

The keynote with piece wages is **intensity** - *how many can you do in an hour?*

If working people produce more than the standard, then they are paid a set amount extra for each standard output. Capital often hires a working person who can do more than the average, agrees a higher rate of pay with that working person and then sets that person to work in a group of working people who do the average. The working people doing the average are forced to raise their game in order to keep up, and when they do, a new higher average is set as the standard, which Capital then applies as standard across the board.⁵⁶ In the case of piece wages, working people would obviously benefit from a process of co-operation among themselves, a process that Capital regards as dishonest trickery⁵⁷.

22: National wages

We want to be better as a nation than any other nation and set the standard high for other nations. The unit of measurement here? M'.

While wages are lower in less developed countries, the value of their labor is much higher given that Capital relies more directly on the direct input from working

⁵⁶ Of course, this process can only work smoothly so far as working people do not compare notes.

⁵⁷ *No Way!* A lot of effort is invested by Capital and associated institutions of a capitalist society to minimize or eliminate that sort of co-operation initiative among working people. E.g. "there is no such thing as society" M.T. And "you don't see anyone else, you don't deal with anyone else, and you go to work for more and more hours for less and less benefits and security in a flexible labor market" N.C.

people with far less in the way of machinery and other technologies. And while states take tax from working people to improve the quality of life for the population in general, they ought to take it directly from Capital, given that without the institutions of the state facilitating and supporting Capital, there would be no M' at the expense of working people.

Chapter 23: Reproduction

Capitalists are capital-ists because they reinvest the result of surplus-labor, M' , in order to augment M' and then reinvest it into Capital, C' , in a continuous cycle.

A little something for itself

On the other hand, if Capital consumes a portion of M' without reinvesting, it requires new surplus-labor to make up for the shortfall in the cycle. This cycle, in a capitalist society, is known as the “reproduction” of surplus-labor.

So, if Capital is taking a portion of M' for itself and not reinvesting then it must have a facility for insisting on more surplus-labor from a class of working people. For that, it is necessary for Capitalists to view themselves as a class in relation to working people. Also, the institutions of the society must enter the equation - producing laws, propaganda and so on... so that Capital can withdraw some of M' and then renew it with surplus-labor of working people.

Where else could it go?

Looking at it another way: If Capital was to reinvest more or less all of M' into C' , it would eventually displace all working people and replace them with machines. In other words, Capital would be generating M' without needing to employ working people at all. So, the reason why working people go to work for Capital day after day, week after week, year after year, generation after generation is because Capital keeps a portion of M' for itself without reinvesting it.⁵⁸ Whether or not working people need the work or like the work they do for Capital is beside the point in this analysis.

Chapter 24: Cycle

Where does the capitalist mode of production “lead”?

One-way system

The only way that Capital, as a class, can induce working people to contribute their surplus-labor is to make working people dependent on Capital. That is easy simply by paying working people at the end of their first week or month of work so that they have to borrow and then have to work another week or month to repay what they borrowed. And on it goes... Of course, it is not just out of necessity of

⁵⁸ Karl is prompting us from here on to consider the end-game of Capital while removing ourselves from the equation.

working people to pay debts that makes Capital continue the cycle; Capital also has the support of laws in a capitalist society, which state, more or less, that Capital is entitled to a portion of surplus-labor as a starting point so that Capital may grow and more working people can be employed...so that they may give *their* surplus-labor to Capital and so on...⁵⁹

What's the point?

Capital appropriating surplus-labor so that it may reinvest in order to appropriate even more surplus-labor ad-infinitum. "Progress" from the point of view of Capital means accumulation of M' , nothing more. And the laws of capitalist economics show that for every win for Capital there must be a loss to working people - a loss of surplus-labor to Capital. But where does Capital get the M to begin the cycle? Property Law.

Chapter 25: Accumulation

As Capital accumulates M' in order to transform it into C' its demand for surplus-labor increases too. But in order to establish such a system of production there are two prerequisites:

- Working people must spend what they earn immediately and become dependent on Capital.
- The majority of the population must be kept in a state of ignorance as to the source of M' , as knowledge among working people leads to higher expectations for broader horizons, which would result in demands on Capital in relation to M' or the abolition of M' .

The Formula for C'

Capitalists use up Variable Capital in order to expand Constant Capital, which can use up more variable capital, and so on... So, while the aim of Capital is to augment C' independent of working people, the only logical destination for working people in such a system is their own redundancy.

Human Suffering as "Externality"

Whatever human suffering Capital causes in its pursuit of M' such as:

- unemployment

⁵⁹ While not exactly "just" from the point of view of working people, the laws in a capitalist society are what they are - the Law.

- anxiety caused by living a precarious existence under Capital
- violence and crime resulting from penury

is, from the point of view of Capital, a mere side-effect of accumulation of M' for its conversion into C' . While one part of the population is over-worked, another part lives a life of enforced idleness. And, as a general law, as unemployment increases, the opportunity for M' increases too because the market value of labor is derived from the ratio of working population to the non-working population aka surplus-population. By this logic, Capital can “win” only at the “loss” of something else, and so, wherever we see extreme poverty for example, we always see a corresponding extreme wealth.⁶⁰

Capitalism becomes the new establishment

First, in England, and then elsewhere.⁶¹

In order to accumulate C' , Capital pressurizes parliament to centralize the population in towns. But with the establishment of capitalism as *the only game in town*, working people begin to notice all sorts of discrepancies between what they were being told by the various institutions in the society and the penury of their actual lives, for example, that they were as hungry as non-working people. In 1800s England the richer the town, on paper, the worse off its working inhabitants, due in large part to overcrowding and the spread of disease.

⁶⁰ Like trickle-up economics

⁶¹ Which is why Karl focuses his thesis almost exclusively on England in the 1800s.

Problems, problems

As working people become, at least vaguely, aware of their rights as designed by parliament, they begin to revolt, sporadically in the form of sabotage and striking out of the blue. One of the catalysts for their education re: the new establishment, were arguments between a new middle class that was critical of the treatment by Capital of working people in factories and the responses from big Capital re: the hypocrisy of the middle class, given the full advantage they were taking of the unemployment crisis generated by Big Capital.

Institutions to the rescue

The institutions of the wider society then begin to explain the situation in which working people and non-working people find themselves. But they explain it in terms of shortcomings - in the working people as people. So, while Capital views a working day as a constant of "1" and the well-being of working people as a constant of "0", the established institutions of society introduce a minus factor into the equation - a shortfall in the character of the working people as the cause of their relative penury. A new underclass of working people - women and children begin working under even worse conditions for a middle class looking to get a foot on the ladder to C'.

A dilemma

If working people were to understand their plight, they needed first to understand the most simple laws of capitalist economics, namely the source of M', how Capital transforms M' into C', and then how C' can be used to generate more M', but in a society whose institutions are full-square behind Capital that is difficult, to say the least. In other words, working people faced with an avalanche of downright lies, superstitious clap-trap, and false comparisons with other nations, and lectures on *the proper order* of things are not going to be in much of a position to frame coherent arguments of their own. Hence, the resortion to sporadic strikes and sabotage.

Back to the future

Working people begin to realize that prison inmates are better fed, clothed and sheltered in return for around half a day of work.⁶²

Within 20 years since the establishment of Capital in England the standard of living in the major towns has reversed to what it was four centuries earlier in rural parts of the country. And while parliament starts to demolish town dwellings not fit for purpose, it leaves the rebuilding of those dwellings to the whims of the market. With the result that working people are forced to rely more directly on their employers for wages and lodgings.⁶³

Colonies under Capitalism

Ireland, at the time, is a mere agricultural district of England in terms of land, while its population are set to work as soldiers for the army with a view to exploiting more opportunities for accumulation.

Chapter 26: Primitive

Where did Capital acquire the wealth it needed to give the kick-start to a capitalist mode of production? Barbarism.

Institutional religion offers an answer

In the beginning, there was original sin...

Capital and its economic disciples bamboozle the working population with similar “insipid childishness”.

Revolutionary - in a bourgeoisie kind of way

Capitalists usurped the feudal lords by revolting against them in what is known as a bourgeoisie revolution⁶⁴.

The end of history

All new regimes that establish themselves must convince the population over time that they are the natural order of things. In that sense, Capital must help the population forget about the Capitalism as a new revolution because as soon as working people consider revolution that gave rise to Capitalism they may, naturally, begin to consider what the next revolution might bring. So, any

⁶² Although it wasn't around then, a modern public relations system would be well versed in how to approach this particular grievance.

⁶³ Aka “serfdom”

⁶⁴ As opposed to a popular revolution by the majority, in the interests of the majority.

established system of control over resources must do all it can to remove the notion of “revolution” from the minds of the public.

Chapter 27: Expropriation⁶⁵

In feudal times, Serfs worked their own piece of land and lived in a house on that land. And while they paid rent to their landlords, they also put their skills to use for themselves as individuals and their families, and they also had a sense of the commons in that they organized themselves according to the needs of the commons - a process known as sharecropping. e.g. *If you grow vegetables, I will lay eggs.*

The end of feudalism

Capitalists organized together and drove the Serfs from the land and then re-invited the former Serfs to work for Capital. In this sense, Capital removed the means of production such as land and tools from people and then had those working people pick up those tools again to work for Capital. The process of removing Serfs from the land was a major undertaking known as “the clearing of estates”⁶⁶, leaving the former Serfs with nowhere to go except to strike up a new deal with Capital on its terms alone.

Centralization by defunct

The former Serfs, with nowhere to go, tended to congregate in places such as seaports, which Capital, with the help of the state, developed into urban centres. These former Serfs were now “free and rightless *proletarians*” with nothing but their labor to offer in return for subsistence⁶⁷. Capital developed a new system of banks, high finance and large factories in these urban centres with the view to accumulating more wealth.

Chapter 28: Legislation

What to do with a displaced population...

- ☞ People who refuse to labor for Capital can be condemned to slavery by whoever finds them idle and can take them into service.

⁶⁵ Aka robbery

⁶⁶ Or expropriation of land by terrorism - K.M.

⁶⁷ Proletarian - an old-fashioned word for the free and rightless i.e. around 99% of the population.

- ☞ People over 14 years of age found begging will be flogged and branded on the left ear unless someone rescues them into service.⁶⁸
- ☞ The state regulates wages, lengthens the working day so that working people will be kept at a normal level of dependence on Capital.
- ☞ Collective bargaining is a heinous crime.

Chapter 29: Agricultural-ist

Capital, with state help, supplants sharecropping as a means of production and distribution and replaces it with wage-labor.

Chapter 30: Markets

The tools, instruments and equipment of former Serfs are confiscated and stored in large labor-barracks', later to become factories. A fictitious commercial, monetary and financial system comprising of a network of brokers and dealers now run things in the interest of Capital.

Chapter 31: Industrialism

During feudal times, wealthy lords could not automatically turn their wealth into industrial Capital due to the fact that 99% of the population were organized into their own small sectors of land, organizing the means of production and their labor among themselves. But, by displacing the Serfs forcibly, with the help of the army of the state, the urban centres could now be developed into industrial centres for investing excess wealth.

Sharing the National ~~Wealth~~ Debt

From then on, the only wealth of the commons was the national debt, which all the institutions of the new capitalist state constantly lectured working people about as a justification for public debt, heavy taxes, and protectionism and commercial wars.

Crises aka Opportunities

Capital began to create crises, such as unemployment - deliberately, which created new opportunities for them to generate M', such as people-trafficking.

Chapter 32: Separation

The capitalist revolution separated working people from their own means of production so that they could be used to generate surplus-labor for Capital. On the

⁶⁸ Note that the task of the state in a capitalist regime is to make life worse, not better for the general population, so that they may be willingly absorbed by Capital.

other hand, Capital, by facilitating the concentration of displaced masses of the population in urban centres was at the same time, creating the conditions for a new revolution - a revolution by working people for working people.⁶⁹

⁶⁹ Capital was aware of this and as can be seen from a public relations industry that developed later, the focus shifted from controlling working people by force to controlling their ideas and beliefs about their plight. - N.C.

Chapter 33: Modernism

The modern political economy confuses, deliberately, two kinds of private property. First, there is the private property of people and their families and then there is the private property of Capital. And while people and their families use their labor and the means of production to make a living for themselves, Capital uses its private property to expropriate surplus-labor from people and their families.

Capitalism

The social dependence of working people on Capital, secured by the state and promoting freedom of contract between seller and buyer, while designing the laws of supply and demand in favor of Capital.⁷⁰

Socialism

Capital is not a thing, it is a social phenomenon in this sense: if the majority of the population could have means of production of their own then they would use their labor to advance their own interests, not the interest of Capital. And, therefore, Capitalism as a system of production would be impossible.

Co-operation

It could be argued that people with enterprising vision can benefit society as a whole by helping to co-ordinate the skills and know-how of the many, but what portion of the material benefit should such entrepreneurs feel reasonably entitled to...?

...All of it? Most of it? Some of it? An equal share?

End of Vol. 1

⁷⁰ But the only freedom disenfranchised working people have in this arrangement is the freedom to be poor.