Chapter 14

Wage-Labour and Capital [1847]

Karl Marx

[…]

What are wages? How are they determined?

If workers were asked: "How much are your wages?" one would reply: "I get a mark a day from my employer"; another, "I get two marks," and so on. According to the different trades to which they belong, they would mention different sums of money which they receive from their respective employers for the performance of a particular piece of work, for example, weaving a yard of linen or type-setting a printed sheet. In spite of the variety of their statements, they would all agree on one point: wages are the sum of money paid by the capitalist for a particular labour time or for a particular output of labour.

The capitalist, it seems, therefore, buys their labour with money. They sell him their labour for money. For the same sum with which the capitalist has bought their labour, for example, two marks, he could have bought two pounds of sugar or a definite amount of any other commodity. The two marks, with which he bought two pounds of sugar, are the price of the two pounds of sugar. The two marks, with which he bought twelve hours' use of labour, are the price of twelve hours' labour. Labour, therefore, is a commodity, neither more nor less than sugar. The former is measured by the clock, the latter by the scales.

The workers exchange their commodity, labour, for the commodity of the capitalist, for money, and this exchange takes place in a definite ratio. So much money for so much labour. For twelve hours' weaving, two marks. And do not the two marks represent all the other commodities which I can buy for two marks? In fact, therefore, the worker has exchanged his commodity, labour, for other commodities of all kinds and that in a definite

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ratio. By giving him two marks, the capitalist has given him so much meat, so much clothing, so much fuel, light, etc., in exchange for his day's labour. Accordingly, the two marks express the ratio in which labour is exchanged for other commodities, the exchange value of his labour. The exchange value of a commodity, reckoned in money, is what is called its price. Wages are only a special name for the price of labour, for the price of this peculiar commodity which has no other repository than human flesh and blood.

Let us take any worker, say, a weaver. The capitalist supplies him with the loom and yarn. The weaver sets to work and the yarn is converted into linen. The capitalist takes possession of the linen and sells it, say, for twenty marks. Now are the wages of the weaver a share in the linen, in the twenty marks, in the product of his labour? By no means. Long before the linen is sold, perhaps long before its weaving is finished, the weaver has received his wages. The capitalist, therefore, does not pay these wages with the money which he will obtain from the linen, but with money already in reserve. Just as the loom and the yarn are not the product of the weaver to whom they are supplied by his employer, so likewise with the commodities which the weaver receives in exchange for his commodity, labour. It was possible that his employer found no purchaser at all for his linen. It was possible that he did not get even the amount of the wages by its sale. It is possible that he sells it very profitably in comparison with the weaver's wages. All that has nothing to do with the weaver. The capitalist buys the labour of the weaver with a part of his available wealth, of his capital, just as he has bought the raw material – the yarn – and the instrument of labour – the loom – with another part of his wealth. After he has made these purchases, and these purchases include the labour necessary for the production of linen, he produces only with the raw materials and instruments of labour belonging to him. For the latter include now, true enough, our good weaver as well, who has as little share in the product or the price of the product as the loom has.

Wages are, therefore, not the worker's share in the commodity produced by him. Wages are the part of already existing commodities with which the capitalist buys for himself a definite amount of productive labour.

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

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Wages, as we have seen, are the price of a definite commodity, of labour. Wages are, therefore, determined by the same laws that determine the price of every other commodity. The question, therefore, is, how is the price of a commodity determined?

By competition between buyers and sellers, by the relation of inquiry to delivery, of demand to supply. Competition, by which the price of a commodity is determined, is three-sided.

The same commodity is offered by various sellers. With goods of the same quality, the one who sells most cheaply is certain of driving the others out of the field and securing the greatest sale for himself. Thus, the sellers mutually contend among themselves for sales, for the market. Each of them desires to sell, to sell as much as possible and, if possible, to sell alone, to the exclusion of the other sellers. Hence, one sells cheaper than another. Consequently, competition takes place among the sellers, which depresses the price of the commodities offered by them.

But competition also takes place among the buyers, which in its turn causes the commodities offered to rise in price.

Finally competition occurs between buyers and sellers; the former desire to buy as cheaply as possible, the latter to sell as dearly as possible. The result of this competition between buyers and sellers will depend upon how the two above-mentioned sides of the competition are related, that is, whether the competition is stronger in the army of buyers or in the army of sellers. Industry leads two armies into the field against each other, each of which again carries on a battle within its own ranks, among its own troops. The army whose troops beat each other up the least gains the victory over the opposing host.

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Now, the same general laws that regulate the price of commodities in general of course also regulate wages, the price of labour.

Wages will rise and fall according to the relation of supply and demand, according to the turn taken by the competition between the buyers of labour, the capitalists, and the sellers of labour, the workers. The fluctuations in wages correspond in general to the fluctuations in prices of commodities. Within these fluctuations, however, the price of labour will be determined by the cost of production, by the labour time necessary to produce this commodity – labour power.

What, then, is the cost of production of labour?

It is the cost required for maintaining the worker as a worker and of developing him into a worker.

The less the period of training, therefore, that any work requires the smaller is the cost of production of the worker and the lower is the price of his labour, his wages. In those branches of industry in which hardly any period of apprenticeship is required and where the mere bodily existence of the worker suffices, the cost necessary for his production is almost confined to the commodities necessary for keeping him alive and capable of working. The price of his labour will, therefore, be determined by the price of the necessary means of subsistence.

Another consideration, however, also comes in. The manufacturer in calculating his cost of production and, accordingly, the price of the products takes into account the wear and tear of the instruments of labour. If, for example, a machine costs him 1,000 marks and wears out in ten years, he adds 100 marks annually to the price of the commodities so as to be able to replace the worn-out machine by a new one at the end of ten years. In the same way, in calculating the cost of production of simple labour, there must be included the cost of reproduction, whereby the race of workers is enabled to multiply and to replace worn-out workers by new ones. Thus the depreciation of the worker is taken into account in the same way as the depreciation of the machine.

The cost of production of simple labour, therefore, amounts to the cost of existence and reproduction of the worker. The price of this cost of existence and reproduction constitutes wages. Wages so determined are called the wage minimum. This wage minimum, like the determination of the price of commodities by the cost of production in general, does not hold good for the single individual but for the species. Individual workers, millions of workers, do not get enough to be able to exist and reproduce themselves; but the wages of the whole working class level down, within their fluctuations, to this minimum.

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What takes place in the exchange between capitalist and wage-worker?

The worker receives means of subsistence in exchange for his labour, but the capitalist receives in exchange for his means of subsistence labour, the productive activity of the worker, the creative power whereby the worker not only replaces what he consumes but gives to the accumulated labour a greater value than it previously possessed. The worker receives a part of the available means of subsistence from the capitalist. For what purpose do these means of subsistence serve him? For immediate consumption. As soon, however, as I consume the means of subsistence, they are irretrievably lost to me unless I use the time during which I am kept alive by them in order to produce new means of subsistence, in order during consumption to create by my labour new values in place of the values which perish in being consumed. But it is just this noble reproductive power that the worker surrenders to the capitalist in exchange for means of subsistence received. He has, therefore, lost it for himself.

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Does a worker in a cotton factory produce merely cotton textiles? No, he produces capital. He produces values which serve afresh to command his labour and by means of it to create new values.

Capital can only increase by exchanging itself for labour power, by calling wage labour to life. The labour of the wage-worker can only be exchanged for capital by increasing capital, by strengthening the power whose slave it is. Hence, increase of capital is increase of the proletariat, that is, of the working class.

The interests of the capitalist and those of the worker are, therefore, one and the same, assert the bourgeois and their economists. Indeed! The worker perishes if capital does not employ him. Capital perishes if it does not exploit labour, and in order to exploit it, it must buy it. The faster capital intended for production, productive capital, increases, the more, therefore, industry prospers, the more the bourgeoisie enriches itself and the better business is, the more workers does the capitalist need, the more dearly does the worker sell himself.

The indispensable condition for a tolerable situation of the worker is, therefore, the fastest possible growth of productive capital.

But what is the growth of productive capital? Growth of the power of accumulated labour over living labour. Growth of the domination of the bourgeoisie over the working class. If wage labour produces the wealth of others that rules over it, the power that is hostile to it, capital, then the means of employment, that is, the means of subsistence, flow back to it from this hostile power, on condition that it makes itself afresh into a part of capital, into the lever which hurls capital anew into an accelerated movement of growth.

To say that the interests of capital and those of the workers are one and the same is only to say that capital and wage labour are two sides of one and the same relation. The one conditions the other, just as usurer and squanderer condition each other.

As long as the wage-worker is a wage-worker his lot depends upon capital. That is the much-vaunted community of interests between worker and capitalist.

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In addition, we recall that, in spite of the fluctuations in prices of commodities, the average price of every commodity, the ratio in which it is exchanged for other commodities, is determined by its cost of production. Hence the overreachings within the capitalist class necessarily balance one another. The improvement of machinery, new application of natural forces in the service of production, enable a larger amount of products to be created in a given period of time with the same amount of labour and capital, but not by any means a larger amount of exchange values. If, by the use of the spinning jenny, I can turn out twice as much yarn in an hour as before its invention, say, one hundred pounds instead of fifty, then in the long run I will receive for these hundred pounds no more commodities in exchange than formerly for the fifty pounds, because the cost of production has fallen by one-half, or because I can deliver double the product at the same cost.

Finally, in whatever proportion the capitalist class, the bourgeoisie, whether of one country or of the whole world market, shares the net profit of production within itself, the total amount of this net profit always consists only of the amount by which, on the whole, accumulated labour has been increased by direct labour. This total amount grows, therefore, in the proportion in which labour augments capital, that is, in the proportion in which profit rises in comparison with wages.

We see, therefore, that even if we remain within the relation of capital and wage labour, the interests of capital and the interests of wage labour are diametrically opposed.

A rapid increase of capital is equivalent to a rapid increase of profit. Profit can only increase rapidly if the exchange value of labour, if relative wages, decrease just as rapidly. Relative wages can fall although real wages rise simultaneously with nominal wages, with the money value of labour, if they do not rise, however, in the same proportion as profit. If, for instance, in times when business is good, wages rise by five per cent, profit on the other hand by thirty per cent, then the comparative, the relative wages, have not increased but decreased.

Thus if the income of the worker increases with the rapid growth of capital, the social gulf that separates the worker from the capitalist increases at the same time, and the power of capital over labour, the dependence of labour on capital, likewise increases at the same time.

To say that the worker has an interest in the rapid growth of capital is only to say that the more rapidly the worker increases the wealth of others, the richer will be the crumbs that fall to him, the greater is the number of workers that can be employed and called into existence, the more can the mass of slaves dependent on capital be increased.

We have thus seen that:

Even the most favourable situation for the working class, the most rapid possible growth of capital, however much it may improve the material existence of the worker, does not remove the antagonism between his interests and the interests of the bourgeoisie, the interests of the capitalists. Profit and wages remain as before in inverse proportion.

If capital is growing rapidly, wages may rise; the profit of capital rises incomparably more rapidly. The material position of the worker has improved, but at the cost of his social position. The social gulf that divides him from the capitalist has widened.

Finally:

To say that the most favourable condition for wage labour is the most rapid possible growth of productive capital is only to say that the more rapidly the working class increases and enlarges the power that is hostile to it, the wealth that does not belong to it and that rules over it, the more favourable will be the conditions under which it is allowed to labour anew at increasing bourgeois wealth, at enlarging the power of capital, content with forging for itself the golden chains by which the bourgeoisie drags it in its train.

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If, on the whole, the productive capital of bourgeois society grows, a more manifold accumulation of labour takes place. The capitals increase in number and extent. The numerical increase of the capitals increases the competition between the capitalists. The increasing extent of the capitals provides the means for bringing more powerful labour armies with more gigantic instruments of war into the industrial battlefield.

One capitalist can drive another from the field and capture his capital only by selling more cheaply. In order to be able to sell more cheaply without ruining himself, he must produce more cheaply, that is, raise the productive power of labour as much as possible. But the productive power of labour is raised, above all, by a greater division of labour, by a more universal introduction and continual improvement of machinery. The greater the labour army among whom labour is divided, the more gigantic the scale on which machinery is introduced, the more does the cost of production proportionately decrease, the more fruitful is labour. Hence, a general rivalry arises among the capitalists to increase the division of labour and machinery and to exploit them on the greatest possible scale.

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However, the privileged position of our capitalist is not of long duration; other competing capitalists introduce the same machines, the same division of labour, introduce them on the same or on a larger scale, and this introduction will become so general that the price of linen is reduced not only below its old, but below its new cost of production.

The capitalists find themselves, therefore, in the same position relative to one another as before the introduction of the new means of production, and if they are able to supply by these means double the production at the same price, they are now forced to supply the double product below the old price. On the basis of this new cost of production, the same game begins again. More division of labour, more machinery, enlarged scale of exploitation of machinery and division of labour. And again competition brings the same counteraction against this result.

We see how in this way the mode of production and the means of production are continually transformed, revolutionized, how the division of labour is necessarily followed by greater division of labour, the application of machinery by still greater application of machinery, work on a large scale by work on a still larger scale.

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If now we picture to ourselves this feverish simultaneous agitation on the whole world market, it will be comprehensible how the growth, accumulation, and concentration of capital results in an uninterrupted division of labour, and in the application of new and the perfecting of old machinery precipitately and on an ever more gigantic scale.

But how do these circumstances, which are inseparable from the growth of productive capital, affect the determination of wages?

The greater division of labour enables one worker to do the work of five, ten, or twenty; it therefore multiplies competition among the workers fivefold, tenfold, or twentyfold. The workers do not only compete by one selling himself cheaper than another; they compete by one doing the work of five, ten, twenty; and the division of labour, introduced by capital and continually increased, compels the workers to compete among themselves in this way.

Further, as the division of labour increases, labour is simplified. The special skill of the worker becomes worthless. He becomes transformed into a simple, monotonous productive force that does not have to use intense bodily or intellectual faculties. His labour becomes a labour that anyone can perform. Hence, competitors crowd upon him on all sides, and besides we remind the reader that the more simple and easily learned the labour is, the lower the cost of production needed to master it, the lower do wages sink, for, like the price of every other commodity, they are determined for by the cost of production.

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Let us sum up: The more productive capital grows, the more the division of labour and the application of machinery expands. The more the division of labour and the application of machinery expands, the more competition among the workers expands and the more their wages contract.

In addition, the working class gains recruits from the higher strata of society also; a mass of petty industrialists and small rentiers are hurled down into its ranks and have nothing better to do than urgently stretch out their arms alongside those of the workers. Thus the forest of uplifted arms demanding work becomes ever thicker, while the arms themselves become ever thinner.

That the small industrialist cannot survive in a contest one of the first conditions of which is to produce on an ever greater scale, that is, precisely to be a large and not a small industrialist, is self-evident.

That the interest on capital decreases in the same measure as the mass and number of capitals increase, as capital grows; that, therefore, the small rentier can no longer live on his interest but must throw himself into industry, and, consequently, help to swell the ranks of the small industrialists and thereby of candidates for the proletariat – all this surely requires no further explanation.

Finally, as the capitalists are compelled, by the movement described above, to exploit the already existing gigantic means of production on a larger scale and to set in motion all the mainsprings of credit to this end, there is a corresponding increase in industrial earthquakes, in which the trading world can only maintain itself by sacrificing a part of wealth, of products and even of productive forces to the gods of the nether world – in a word, crises increase. They become more frequent and more violent, if only because, as the mass of production, and consequently the need for extended markets, grows, the world market becomes more and more contracted, fewer and fewer new markets remain available for exploitation, since every preceding crisis has subjected to world trade a market hitherto unconquered or only superficially exploited. But capital does not live only on labour. A lord, at once aristocratic and barbarous, it drags with it into the grave the corpses of its slaves, whole hecatombs of workers who perish in the crises. Thus we see: if capital grows rapidly, competition among the workers grows incomparably more rapidly, that is, the means of employment, the means of subsistence, of the working class decrease proportionately so much the more, and, nevertheless, the rapid growth of capital is the most favourable condition for wage labour.