

WAGE-LABOR AND CAPITAL:

WHAT ARE WAGES AND HOW ARE THEY DETERMINED?

BY KARL MARX

IF we were to ask the laborers "How much wages do you get?" one would reply, "I get a couple of shillings a day from my employer"; another, "I get half-a-crown" and so on. According to the different trades to which they belong they would name different sums of money which they receive from their particular employers, either for working for a certain length of time or for performing a certain piece of work; for example, either for weaving a yard of cloth, or for setting up a certain amount of type. But in spite of this difference in their statements there is one point in which they would all agree; their wages are the amount of money which their employer pays them, either for working a certain length of time or for a certain amount of work done.

Thus their employer, it would seem, buys their labor for money. For money they sell their labor to him. But this is mere appearance. What they really sell to the employer for money, is their labor-power. This labor-power the employer buys for a day, week, or month. And having bought it, he uses it by making the laborer work during a stipulated period of time. With the same sum for which the employer has bought their labor-power, as for instance, with a couple of shillings, he might have bought four pounds of sugar or a proportionate amount of any other wares. The two shillings with which he buys the four pounds of sugar, are the price of four pounds of sugar. The two shillings with which he buys the use of labor-power for twelve hours, are the price of twelve-hours labor. Labor-power is therefore as much a commodity as sugar, neither more nor less, only they measure the former by the clock, the latter by the scale.

The laborers exchange their own commodity for their employers' commodity, labor-power for money; and this exchange takes place according to a fixed proportion—so much

money for so long ■ use of labor-power; for twelve hours' weaving, two shillings. And do not these two shillings represent all other commodities which I may buy for two shillings? Thus the laborer has, in fact, exchanged his own commodity, labor-power, for all kinds of other commodities, and that in ■ fixed proportion. His employer in giving him two shillings has given him so much meat, so much clothing, so much fuel, light, and so on, in exchange for his day's work. The two shillings, therefore, express the proportion in which his labor-power is exchanged for other commodities—the exchange-value of his labor-power; and the exchange value of any commodity expressed in money is called its price. "Wage" is therefore only another name for the price of labor-power, for the price of this peculiar commodity which can have no local habitation at all except in human flesh and blood.

Take the case of any workman, a weaver for instance. The employer supplies him with thread and loom. The weaver sets to work, and the thread is turned into cloth. The employer takes possession of the cloth and sells it, say for twenty shillings. Does the weaver receive as wages a share in the cloth—in the twenty shillings—in the product of his labor? By no means. The weaver receives his wages long before the product is sold. The employer does not, therefore, pay his wages with the money he gets for the cloth, but with money previously provided.

Loom and thread are not the weaver's product, since they are supplied by the employer, and no more are the commodities which he receives in exchange for his own commodity, or, in other words, for his work. It is possible that the employer finds no purchaser for his cloth. It may be that by its sale he does not recover the wages he has paid. It may be that in comparison with the weaver's wages he makes ■ great bargain by its sale. But all this has nothing whatever to do with the weaver. The employer purchases the weaver's labor with ■ part of his available property—of his capital—in exactly the same way as he has with another part of his prop-

erty bought the raw material—the thread—and the instrument of labor—the loom. As soon as he has made these purchases—and he reckons among them the purchase of the labor necessary to the production of the cloth—he proceeds to produce it by means of the raw material and the instruments which belong to him. Among these last is, of course, reckoned our worthy weaver, who has as little share in the product, or in the price of the product, as the loom itself. ✓

Wages, therefore, are not the worker's share of the commodities which he has produced. Wages are the share of commodities previously produced, with which the employer purchases a certain amount of productive labor-power.

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

But the expenditure of the labor-power, labor, is the peculiar expression of the energy of the laborer's life. And this energy he sells to another party in order to secure for himself the means of living. For him, therefore, his energy is nothing but the means of ensuring his own existence. He works to live. He does not count the work itself as a part of his life, rather is it a sacrifice of his life. It is a commodity which he has made over to another party. Neither is its product the aim of his activity. What he produces for himself is not the silk he weaves, nor the palace that he builds, nor the gold that he digs from out the mine. What he produces for himself is his wage; and silk, gold, and palace are transformed for him into a certain quantity of means of existence—a cotton shirt, some copper coins, and a lodging in a cellar. And what of the laborer; who for twelve hours weaves, spins, bores, turns, builds, shovels, breaks stones, carries loads, and so on? Does his twelve hours' weaving, spinning, boring, turning, building, shoveling, and stone-breaking represent the active expression of his life? On the contrary. Life begins for him exactly where this activity of his ceases—at his meals, on the public-house bench, in his bed. His twelve hours' work has no meaning for him in weaving,

spinning, boring, and so forth, but only as earnings whereby he may obtain his meals, his seat in the public-house, his bed. If the silkworm's object in spinning were to prolong its existence as a caterpillar, it would be a perfect example of a wage worker.

Labor-power was not always a commodity. Labor was not always wage-labor—that, is, free labor. The slave does not sell his labor to the slave-owner. The slave, along with his labor, is sold once for all to his owner. He is a commodity which can pass from the hand of one owner to that of another. He himself is a commodity, but his labor is not his commodity. The serf sells only a portion of his labor. He does not receive his wages from the owner of the soil; rather the owner of the soil receives a tribute from him. The serf belongs to the soil, and to the lord of the soil he brings its fruits. The free laborer on the other hand, sells himself, and that by fractions. From day to day he sells by auction, eight, ten, twelve, fifteen hours of his life to the highest bidder—to the owner of the raw material, the instruments of work, and the means of life; that is, to the employer. The laborer himself belongs neither to an owner nor to the soil; but eight, ten, twelve, fifteen hours of his daily life belong to the man who buys them. The laborer leaves the employer to whom he has hired himself whenever he pleases; and the employer discharges him whenever he thinks fit; either as soon as he ceases to make a profit out of him or fails to get as high a profit as he requires. But the laborer, whose only source of earning is the sale of his labor-power, cannot leave the whole class of its purchasers—that is, the capitalist class—without renouncing his own existence. He does not belong to this or that particular employer, but he does belong to the capitalist class; and more than that; it is his business to find an employer; that is, among this capitalist class it is his business to discover his own particular purchaser.

Before going more closely into the relations between capital and wage-labor, it will be well to give a brief survey of

those general relations which are taken into consideration in determining the amount of wages.

As we have seen, wages are the price of a certain commodity, labor-power. Wages are thus determined by the same law which regulates the price of any other commodity.

Thereupon the question arises, By what means is the price of ■ commodity determined?

By means of competition between buyers and sellers and the relations between supply and demand—offer and desire. And this competition by which the price of an article is fixed is three-fold.

The same commodity is offered in the market by various sellers. Whoever offers the greatest advantage to purchasers is certain to drive the other sellers off the field, and secure for himself the greatest sale. The sellers, therefore, fight for the sale and the market among themselves. Every one of them wants to sell, and does his best to sell much, and if possible to become the only seller. Therefore each outbids the other in cheapness, and ■ competition takes place among the sellers which lowers the price of the goods they offer.

But a competition also goes on among the purchasers, which on their side raises the price of the goods offered.

Finally competition is going on between buyers and sellers; the one set want to buy as cheap as possible, the other to sell as dear as possible. The result of this competition between buyers and sellers will depend upon the relations of the two previous aspects of the competition; that is, upon whether the competition in the ranks of the buyers or that in those of the sellers is the keener. Business thus leads two opposing armies into the field, and each of them again presents the aspect of a battle in its own ranks among its own soldiers. That army whose troops are least mauled by one another carries off the victory over the opposing host.

Let us suppose that there are a hundred bales of cotton in the market, and at the same time buyers in want of a thousand bales. In this case the demand is greater than the supply.

The competition between the buyers will therefore be intense; each of them will do his best to get hold of all the hundred bales of cotton. This example is no arbitrary supposition. In the history of the trade we have experienced periods of failure of the cotton plant, when particular companies of capitalists have endeavored to purchase, not only a hundred bales of cotton, but the whole stock of cotton in the world. Therefore in the case supposed each buyer will try to beat the others out of the field by offering a proportionately higher price for the cotton. The cotton-sellers perceiving the troops of the hostile host in violent combat with one another, and being perfectly secure as to the sale of all their hundred bales, will take very good care not to begin squabbling among themselves in order to depress the price at the very moment when their adversaries are emulating each other in the process of screwing it higher up. Peace is, therefore, suddenly proclaimed in the army of the sellers. They present a united front to the purchaser, and fold their arms in philosophic content; and their claims would be absolutely boundless if it were not that the offers of even the most pressing and eager of the buyers must always have some definite limit.

Thus if the supply of a commodity is not so great as the demand for it, the competition between the buyers is keen, but there is none or hardly any among the sellers. Result: A more or less important rise in the price of goods.

As a rule the converse case is of much more frequent occurrence, producing an opposite result—large excess of supply over demand; desperate competition among the sellers; dearth of purchasers; forced sale of goods dirt cheap.

But what is the meaning of the rise and fall in prices? What is the meaning of higher price or lower price? A grain of sand is high, when looked at through a microscope, and a tower is low when compared with a mountain. And if price is determined by the relation between supply and demand, how is the relation between supply and demand itself determined?

Let us turn to the first worthy citizen we meet. He will

not take an instant to consider, but like a second Alexander the Great will cut the metaphysical knot by the help of his multiplication table. "If the production of the goods which I sell," he will tell us, "has cost me £100, and I get £110 by their sale—within the year, you understand—that's what I call a sound, honest, reasonable profit. But if I make £120 or £130 by the sale, that is a higher profit; and if I were to get a good £200, that would be an exceptional, an enormous profit." What is it then that serves our citizen as the measure of his profit? The cost of production of his goods. If he receives in exchange for them an amount of other goods whose production has cost less, he has lost by his bargain. If he receives an amount whose production has cost more, he has gained. And he reckons the rise and fall of his profit by the number of degrees at which it stands with reference to his zero—the cost of production.

We have now seen how the changing proportion between supply and demand produces the rise and fall of prices, making them at one time high, at another low. If through failure in the supply, or exceptional increase in the demand, an important rise in the price of a commodity takes place, then the price of another commodity must have fallen; for, of course, the price of a commodity only expresses in money the proportion in which other commodities can be exchanged with it. For instance, if the price of a yard of silk rises from five to six shillings, the price of silver has fallen in comparison with silk; and in the same way the price of all other commodities which remain at their old prices has fallen if compared with silk. We have to give a larger quantity of them in exchange in order to obtain the same quantity of silk. And what is the result of a rise in the price of a commodity? A mass of capital is thrown into that flourishing branch of business, and this immigration of capital into the province of the privileged business will last until the ordinary level of profits is attained; or rather, until the price of the products sinks below the cost of production, through overproduction.

Conversely, if the price of a commodity falls below the cost of its production, capital will be withdrawn from the production of this commodity. Except in the case of a branch of industry which has become obsolete, and is therefore doomed to disappear, the result of this flight of capital will be that the production of this commodity, and therefore its supply, will continually dwindle until it corresponds to the demand; and thus its price rises again to the level of the cost of its production; or rather, until the supply has fallen below the demand; that is, until its price has again risen above its cost of production; for the price of any commodity is always either above or below its cost of production.

We see, then, how it is that capital is always immigrating and emigrating, from the province of one industry into that of another. High prices bring about an excessive immigration, and low prices, an excessive emigration.

We might show from another point of view how not only the supply, but also the demand, is determined by the cost of production; but this would lead us too far from our present subject.

We have just seen how the fluctuations of supply and demand always reduce the price of a commodity to its cost of production. It is true that the precise price of a commodity is always either above or below its cost of production; but the rise and fall reciprocally balance each other, so within a certain period, if the ebb and flow of the business are reckoned up together, commodities are exchanged with one another in accordance with their cost of production; and thus their cost of production determines their price.

The determination of price by cost of production is not to be understood in the sense of the economists. The economists declare that the average price of commodities is equal to the cost of production; this, according to them, is a law. The anarchical movements in which the rise is compensated by the fall, and the fall by the rise, they ascribe to chance. With just as good a right, we might consider, like some other economists, the fluctuations as the law, and ascribe

the fixing of price by cost of production to chance. But if we look closely, we see that it is precisely these fluctuations, although they bring the most terrible desolation in their train, and shake the fabric of bourgeois society like earthquakes, it is precisely these fluctuations which in their course determine price by cost of production. In the totality of this disorderly movement is to be found its order. Throughout these alternating movements in the course of this industrial anarchy, competition, as it were, cancels one excess by means of another.

We gather, therefore, that the price of a commodity is determined by its cost of production because those periods in which it exceeds its cost of production are compensated by the periods in which it sinks below this cost, and conversely. Of course this does not hold good for one single particular product of an industry, but only for that entire branch of industry. So also it does not hold good for a particular manufacturer, but only for the entire industrial class.

The determination of price by cost of production is the same thing as its determination by the duration of the labor which is required for the manufacture of a commodity; for cost of production may be divided into (1) raw material and implements, that is, products of industry whose manufacture has cost a certain number of days' work, and which therefore represent a certain amount of work-time; and (2) actual labor, which is measured by its duration.

Now, the same general laws, which universally regulate the price of commodities, of course regulate wages, the price of labor.

Wages will rise and fall in accordance with the proportion between demand and supply—that is, in accordance with the conditions of the competition between capitalists and buyers and laborers as sellers of labor. The fluctuations of wages correspond in general with the fluctuations in the price of commodities. Within these fluctuations *the price of labor is regulated by its cost of production, that is, by the duration of*

labor which is required in order to produce this commodity, labor-power.

Now what is the cost of production of labor-power?

It is the cost required for the production of a laborer and for his maintenance as a laborer.

The shorter the time requisite for instruction in any labor, the less is the laborer's cost of production, and the lower are his wages, the price of his work. In those branches of industry which scarcely require any period of apprenticeship, and where the mere bodily existence of the labor is sufficient, the requisite cost of his production and maintenance are almost limited to the cost of the commodities which are requisite to keep him alive and fit for work. The price of his labor is therefore determined by the price of the bare necessities of his existence.

Here, however, another consideration comes in. The manufacturer, who reckons up his expenses of production and determines accordingly the price of the product, takes into account the wear and tear of the machinery. If a machine costs him £200 and wears itself out in ten years, he adds £10 a year to the price of his goods, in order to replace the worn-out machine by a new one when the ten years are up. In the same way we must reckon in the cost of production of simple labor the cost of its propagation; so that the race of laborers may be put in a position to multiply and to replace the worn out workers by new ones. Thus the wear and tear of the laborer must be taken into account just as much as the wear and tear of the machine.

The cost of production of simple labor-power amounts then to the cost of the laborer's subsistence and propagation, and the price of this cost determines his wages. When we speak of wages we mean the minimum of wages. This minimum of wages holds good, just as does the determination by the cost of production of the price of commodities in general, not for the particular individual, but for the species. Individual laborers, indeed millions of them, do not receive enough to enable them to subsist and propagate; but the wages of the working class

with all their fluctuations are nicely adjusted to this minimum.

Now that we are grounded on these general laws which govern wages just ■ much as the price of any other commodity, we can examine our subject more exactly.

“Capital consists of raw material, implements of labor, and all kinds of means of subsistence, which are used for the production of new implements and new means of subsistence. All these factors of capital are created by labor, are products of labor, are stored-up labor. Stored-up labor which serves as the means of new production is capital.”

So say the economists.

What is a Negro slave? A human creature of the black race. The one definition is just as valuable as the other.

A Negro is a Negro. In certain conditions he is transformed into ■ slave. A spinning-jenny is ■ machine for spinning cotton. Only under certain circumstances does it become capital. Outside these circumstances it is no more capital than gold is intrinsically money, or sugar is the price of sugar. In the work of production men do not stand in relation to nature alone, but also to each other. They only produce when they work together in a certain way and mutually enter upon certain relations and conditions, and it is only within these relations and conditions that their relation to nature is defined, and production becomes possible.

These social relations upon which the producers mutually enter, the terms upon which they exchange their energies and take their share in the collective act of production, will of course differ according to the character of the means of production. With the invention of firearms as implements of warfare the whole organization of the army was of necessity altered; and with the alteration in the relations through which individuals form an army, and are enabled to get together as an army, there was a simultaneous alteration in the relations of armies to one another.

Thus with an alteration and development of the material means of production, that is, powers of production, there will also take place ■ transformation of the social relations within

which individuals produce, that is, of the social relations of production. The relations of production collectively form those social relations which we call ■ society, and ■ society with a definite degree of historical development, ■ society with an appropriate and distinctive character. Ancient society, feudal society, bourgeois society, are instances of these sums-total of the relations of production, each of which also marks out an important step in the historical development of mankind.

Now *capital* also is a social relation of production. It is ■ bourgeois relation of production, a condition of production of a bourgeois society. Are not the means of subsistence, the implements of labor, and the raw material, of which capital consists, the results of definite social relations; were they not produced and stored up under certain social conditions? Will they not be used for further production under certain social conditions within definite social relations? And is it not just this definite social character that transforms into capital that product which serves for further production?

Capital does not consist of means of subsistence, implements of labor, and raw material alone, nor only of material products; it consists just as much of exchange-values. All the products of which it consists are commodities. Thus capital is not merely the sum of material products; it is a sum of commodities, of exchange values, of social quantities.

Capital remains unchanged if we substitute cotton for wool, rice for corn, and steamers for railways; provided only that the cotton, the rice, the steamers—the bodily form of capital—have the same exchange value, the same price, as the wool, the corn, the railways, in which it formerly embodied itself. The bodily form of capital may change continually, while the capital itself undergoes not the slightest alteration.

But though all capital is a sum of commodities, that is, of exchange-values, not every sum of commodities, of exchange-values, is capital.

Every sum of exchange-values is ■■ exchange-value and inversely, each exchange-value is ■ sum of exchange-values.

For instance, ■ house worth ■ thousand pounds is an exchange-value of a thousand pounds. A penny-worth of paper is the sum of the exchange-values of ■ hundred hundredths of a penny. Products which may be mutually exchanged are commodities. The definite proportion in which they are exchangeable forms their exchange-value, or expressed in money, their price. The amount of these products can do nothing to alter their definition as being commodities, or as representing an exchange-value, or as having ■ certain price. Whether a tree be large or small, it remains ■ tree. Whether we exchange iron for other wares in ounces or in hundred-weights that makes no difference in its character as ■ commodity possessing exchange-value. According to its amount it is a commodity of more or less value, with ■ higher or lower price.

How, then, can ■ sum of commodities, or exchange-values, become capital?

By maintaining and multiplying itself as an independent social power—that is, as the power of ■ portion of society—by means of its exchange for direct, living labor-power. *Capital necessarily presupposes the existence of ■ class which possesses nothing but labor force. It is the lordship of past, stored-up, realized labor over actual, living labor that transforms the stored-up labor into capital.*

Capital does not consist in the fact that stored-up labor is used by living labor ■ a means to further production. It consists in the fact that living labor serves as the means whereby stored-up labor may maintain and multiply its own exchange-value.

What is it that takes place in the exchange between capital and wage-labor?

The laborer receives in exchange for his labor-power the means of subsistence; but the capitalist receives in exchange for the means of subsistence—labor, the productive activity of the laborer, the creative force whereby the laborer not only replaces what he consumes, but also gives to the stored-up labor a greater value than it had before. The laborer receives

from the capitalist a share of the previously provided means of subsistence. To what use does he put these means of subsistence? He uses them for immediate consumption. But soon I consume my means of subsistence, they disappear and are irrecoverably lost to me; it therefore becomes necessary that I should employ the time during which these means keep me alive in order to produce new means of subsistence, so that during their consumption I may provide by my labor new value in the place of that which thus disappears. But it is just this noble reproductive power which the laborer has to bargain away to capital in exchange for the means of subsistence which he receives. To him therefore, it is entirely lost.

Let us take an example. A farmer gives his day-laborer two shillings a day. For this two shillings the latter works throughout the day on the farmer's field, and so secures him a return of four shillings. The farmer does not merely receive back the value which he had advanced to the day laborer; he doubles it. He has spent or consumed the two shillings which he gave to the day-laborer in a fruitful and productive fashion. He has bought for two shillings just that labor and force of the day-laborer which produces fruits of the earth of twice the value, and turns two shillings into four. The day-laborer, on the other hand, receives in place of his productive force, whose effects he has just bargained away to the farmer, two shillings; and these he exchanges for means of subsistence; which means of subsistence he proceeds with more or less speed to consume. The two shillings have thus been consumed in double fashion; productively for capital, since they have been exchanged for the labor force which produced the four shillings; unproductively for the laborer, since they have been exchanged for means of subsistence which have disappeared for ever, and whose value he can only recover by repeating the same bargain with the farmer. *Thus capital presupposes wage-labor and wage-labor presupposes capital; one is a necessary condition to the existence of the other; they mutually call each other into existence.*

Does an operator in a cotton factory produce merely cotton goods? No. He produces capital. He produces values which give fresh command over his labor, and which, by means of such command, create fresh values.

Capital can only increase when it is exchanged for labor-power, when it calls wage-labor into existence. Wage-labor can only be exchanged for capital by augmenting capital and strengthening the power whose slave it is. *An increase of capital is therefore an increase of the proletariat, that is, of the laboring class.*

The interests of the capitalist and the laborer are therefore identical, assert the bourgeoisie and their economists. And, in fact, so they are! The laborer perishes if capital does not employ him. Capital perishes if it does not exploit labor, and in order to exploit it, it must buy it. The faster the capital devoted to production—the productive capital—increases, and the more successfully the industry is carried on, the richer do the bourgeoisie become, the better does business go, the more laborers does the capitalist require, and the dearer does the laborer sell himself.

Thus the indispensable condition of the laborer's securing a tolerable position is the speediest possible growth of productive capital.

But what is the meaning of the increase of productive capital? The increase of the power of stored-up labor over living labor. The increase of the dominion of the bourgeoisie over the laboring class. As fast as wage-labor creates its own antagonist and its own master in the dominating power of capital, the means of employment, that is, of subsistence, flow back to it from its antagonist; but only on condition that it convert itself anew into a portion of capital, and thus become the lever whereby the increase of capital may be again hugely accelerated.

Thus the statement that the interests of capital and labor are identical comes to mean merely this: capital and wage-labor are the two sides of one and the same relation. The one conditions the other, just in the same way that the

usurer and the borrower condition each other mutually.

So long as the wage-laborer remains a wage-laborer, his lot in life is dependent upon capital. That is the exact meaning of the famous community of interests between capital and labor.

The increase of capital is attended by an increase in the amount of wage-labor and in the number of wage-laborers; or, in other words, the dominion of capital is spread over a larger number of individuals. And, to assume even the most favorable case, with the increase of productive capital there is an increase in the demand for labor. And thus wages, the price of labor, will rise.

A house may be large or small, but as long as the surrounding houses are equally small, it satisfies all social requirements of a dwelling place. But let a palace arise by the side of this small house, and it shrinks from a house into a hut. The smallness of the house now indicates that its occupant is permitted to have either very few claims or none at all; and however high it may shoot up with the progress of civilization, if the neighboring palace shoots up also in the same or in greater proportion, the occupant of the comparatively small house will always find himself more uncomfortable, more discontented, confined within his four walls.

A notable advance in the amount paid as wages presupposes a rapid increase of productive capital. The rapid increase of productive capital calls forth just as rapid an increase in wealth, luxury, social wants, and social comforts. Therefore, although the comforts of the laborer have risen, the social satisfaction which they give has fallen in comparison with these augmented comforts of the capitalist, which are unattainable for the laborer, and in comparison with the scale of general development society has reached. Our wants and their satisfaction have their origin in society; we therefore measure them in their relation to society, and not in relation to the objects which satisfy them. Since their nature is social, it is therefore relative.

As a matter of fact, wages are determined not merely by

the amount of commodities for which they may be exchanged. They depend upon various relations.

What the laborer receives in the first place for his labor is a certain sum of money. Are wages determined merely by this money price?

In the sixteenth century the gold and silver in circulation in Europe was augmented in consequence of the discovery in America of mines which were relatively rich and could easily be worked. The value of gold and silver fell, therefore, in proportion to other commodities. The laborers received for their labor the same amount of silver coin as before. The money price of their labor remained the same, and yet their wages had fallen, for in exchange for the same sum of silver they obtained a smaller quantity of other commodities. This was one of the circumstances which furthered the increase of capital and the rise of the bourgeoisie in the sixteenth century.

Let us take another case. In the winter of 1847, in consequence of a failure of the crops, there was a notable increase in the price of the indispensable means of subsistence, as corn, meat, butter, cheese, and so on. We will suppose that the laborers still received the same sum of money for their labor-power as before. Had not their wages fallen then? Of course they had. For the same amount of money they received in exchange less bread, meat, etc.; and their wages had fallen, not because the value of silver had diminished, but because the value of the means of subsistence had increased.

Let us finally suppose that the money price of labor remains the same, while in consequence of the employment of new machinery, or on account of a good season, or for some similar reason, there is a fall in the price of all agricultural and manufactured goods. For the same amount of money the laborers can now buy more commodities of all kinds. Their wages have therefore risen, just because their money-value has not changed.

The money price of labor, the nominal amount of wages, does not therefore coincide with the real wages, that is, with the amount of commodities that may practically be obtained

in exchange for the wages. Thus, if we speak of the rise and fall of wages, the money price of labor, or the nominal wage, is not the only thing which we must keep in view.

But neither the nominal wages, that is, the amount of money for which the laborer sells himself to the employer, nor yet the real wages, that is, the amount of commodities which he can buy for this money, exhaust the relations which are comprehended in the term of wages.

Wages are above all determined by their relation to the gain or profit of the capitalist. It is in this connection that we speak of relative wages.

The real wage expresses the price of labor in relation to the price of other commodities; the relative wage, on the contrary, expresses *the proportionate share which living labor gets of the new values created by it as compared to that which is appropriated by stored-up labor or capital.* We said above: "Wages are not the worker's share of the commodities, which he has produced. Wages are the share of commodities previously produced with which the employer purchases a certain amount of productive labor-power." But the amount of these wages the capitalist has to take out from the price, which he realizes for the product created by the workman, and as a rule, there remains yet for him a profit, an excess over and above the cost of production advanced by him. For the capitalist then the selling price of the commodity, produced by the workman, becomes divided into three parts—the first, to make up for the price of the advanced raw material and also for the wear and tear of the tools, machinery, and other instruments of labor also advanced by him; the second, to make up for the wages advanced by him; the third, the excess over and above these two parts, constitutes the profit of the capitalist. Whereas the first part merely replaces values, which had a previous existence, that part, which goes to replace wages, as well as the excess which constitutes profits, are, as a rule, clearly taken out of the new value, created by the labor of the workman, and added to the raw material. And in this sense, we

may regard both wages and profits for the sake of comparison as shares of the product of the workman.

Real wages may remain the same, or they may even rise, and yet the relative wages may none the less have fallen. Let us assume, for example, that the price of all the means of subsistence has fallen by two-thirds, while a day's wages have only fallen one-third, as for instance, from three shillings to two. Although the laborer has a larger amount of commodities at his disposal for two shillings than he had before for three, yet his wages are nevertheless diminished in proportion to the capitalist's gain. The capitalist's profit—the manufacturer's, for instance—has been augmented by a shilling, since for the smaller sum of exchange-values which he pays to the laborer, the laborer has to produce a larger sum of exchange-values than he did before. The share of capital is raised in proportion to the share of labor. The division of social wealth between capital and labor has become more disproportionate. The capitalist commands a larger amount of labor with the same amount of capital. The power of the capitalist class over the laboring class is increased; the social position of the laborer has deteriorated, and is depressed another degree below that of the capitalist.

What then is the general law which determines the rise and fall of wages and profit in their reciprocal relation?

They stand in inverse proportion to one another. The share of capital, profit, rises in the same proportion in which the share of labor, wages, sinks; and inversely. The rise in profit is exactly measured by the fall in wages and the fall in profit by the rise in wages.

The objection may perhaps be made that the capitalist may have gained a profit by advantageous exchange of his products with other capitalists, or by a rise in the demand for his goods, whether in consequence of the opening of new markets, or of a greater demand in the old markets; that the profit of the capitalist may thus increase by means of overreaching another capitalist, independently of the rise and fall of wages and the exchange-value of labor-power, or that the

profit of the capitalist may also rise through an improvement in the implements of labor, a new application of natural forces, and so on.

But it must nevertheless be admitted that the result remains the same, although it is brought about in a different way. To be sure profits have not risen for the reason that wages have fallen, but wages have fallen all the same for the reason that profits have risen. The capitalist has acquired a larger amount of exchange-value with the same amount of labor, without having had to pay a higher price for the labor on that account; that is to say a lower price has been paid for the labor in proportion to the net profit which it yields to the capitalist.

Besides we must remember that in spite of the fluctuations in the price of commodities, the average price of each commodity—the proportion in which it exchanges for other commodities—is determined by its cost of production. The over-reaching and tricks that go on within the capitalist class therefore necessarily cancel one another. Improvements in machinery and new applications of natural forces to the service of production enable them to turn out in a given time with the same amount of labor and capital a larger quantity of exchange-values. If by the application of the spinning-jenny I can turn out twice as much thread in an hour as I could before its invention—for instance, a hundred pounds instead of fifty—then the consequence in the long run will be that I will receive in exchange for them no more commodities than before for fifty, because the cost of production has been halved, or because at the same cost I can turn out double the amount of products.

Finally in whatsoever proportion the capitalist class—the bourgeoisie—whether of one country or of the world's market—share among themselves the net profits of production, the total amount of these net profits always consists merely of the amount by which, taking all in all, stored-up labor has been increased by means of living labor. This sum total increases, therefore, in the proportion in which labor augments

capital; that is, in the proportion in which profit rises compared with wages.

Thus we see that even if we confine ourselves to the relation between capital and wage-labor, the interests of capital are in direct antagonism to the interests of wage-labor.

A rapid increase of capital is equal to a rapid increase of profits. Profits can only make a rapid increase, if the exchange-value of labor—the relative wage—makes an equally rapid decline.

Relative wages may decline, although the real wages rise together with nominal wages, or the money price of labor; if only it does not rise in the same proportion as profit. For instance, if when trade is good, wages rise five per cent., and profits on the other hand thirty per cent., then the proportional or relative wage has not increased but declined.

Thus if the income of the laborer increases with the rapid growth of capital, yet at the same time there is a widening of the social gulf which separates the laborer from the capitalist, and also an increase in the power of capital over labor and in the dependence of labor upon capital.

The meaning of the statement that the laborer has an interest in the rapid increase of capital is merely this; the faster the laborer increases his master's dominion, the richer will be the crumbs that he will get from his table; and the greater the number of laborers that can be employed and called into existence, the greater will be the number of slaves dependent upon capital.

We have thus seen that *even the most fortunate situation for the working class, the speediest possible increase of capital, however much it may improve the material condition of the laborer, cannot abolish the opposition between his interests and those of the bourgeois or capitalist class.* Profit and wages remain just as much as ever in inverse proportion.

When capital is increasing fast, wages may rise, but the profit of capital will rise much faster. The material position of the laborer has improved, but it is at the expense of his

social position. The social gulf which separates him from the capitalist has widened.

Finally, the meaning of the most favorable condition of wage-labor—that is, the quickest possible increase of productive capital—is merely this: The faster the working classes enlarge and extend the hostile power that dominates over them, the better will be the conditions under which they will be allowed to labor for the further increase of bourgeois wealth and for the wider extension of the power of capital, and thus contentedly to forge for themselves the golden chains by which the bourgeoisie drags them in its train.

But are the increase of productive capital and the rise of wages so indissolubly connected as the bourgeois economists assert? We can hardly believe that the fatter capital becomes, the more will its slave be pampered. The bourgeoisie is too enlightened, and keeps its accounts much too carefully, to care for that privilege of the feudal nobility, the ostentation of splendor among its retinue. The very conditions of bourgeois existence compel it to keep careful accounts.

We must therefore inquire more closely into the effect which the increase of productive capital has upon wages.

With the general increase of the productive capital of a bourgeois society a more manifold accumulation of labor takes place. The capitalists increase in number and size. The increase in the amount of capital increases the competition among capitalists. The increased size of individual capital gives the means of leading into the industrial battle-field mightier armies of laborers furnished with more gigantic implements of war.

The one capitalist can only succeed in driving the other off the field and taking possession of his capital by selling his wares at a cheaper rate. In order to sell more cheaply without ruining himself he must produce more cheaply, that is, he must increase as much as possible the productiveness of labor. But the most effective way of making labor more productive is by means of a more complete division of labor, by the more extended use and continual improvement of

machinery. The larger the army of workmen, among whom the labor is divided, and the more gigantic the scale on which machinery is introduced, the more does the relative cost of production decline, and the more fruitful is the labor. Thus arises a universal rivalry among capitalists with the object of increasing the division of labor and machinery, and keeping up the utmost possible progressive rate of exploitation.

Now, if by means of a greater subdivision of labor, by the employment and improvement of new machines, or by the more skillful and profitable use of the forces of nature, a capitalist has discovered the means of producing a larger amount of commodities than his competitors with the same amount of labor, whether it be stored-up labor or direct—if he can for instance, spin a complete yard of cotton in the time which it takes his competitors to spin half a yard—how will this capitalist proceed to act?

He might go on selling half a yard at its former market price; but that would not have the effect of driving his opponents out of the field and increasing his own sale. But the need of increasing his sale has increased in the same proportion as his production. The more effective and more expensive means of production which he has called into existence enable him, to be sure, to sell his wares cheaper, but they also compel him to sell more wares and to secure a much larger market for them. Our capitalist will therefore proceed to sell his half a yard of cotton cheaper than his competitors.

The capitalist will not, however, sell his complete yard as cheaply as his competitors sell the half, although its entire production does not cost him more than the production of half costs the others. For in this case he would gain nothing, but would only get back the cost of its production. The contingent increase in his receipts would result from his having set in motion a larger capital, but not from having made his capital more profitable than that of the others. Besides, he gains the ends he is aiming at if he prices his goods only a slight percentage lower than his competitors. He drives them off the field, and wrests from them, at any rate, a portion

of their sale, if only he undersells them. And, finally, we must remember that the price current always stands either above or below the cost of production, according as the sale of a commodity is transacted at a favorable or unfavorable period of business. According as the market price of a yard of cloth is above or below its former cost of production, the percentage will vary by which the capitalist, who has employed the new and more productive means of production, sells above his actual cost of production.

But our capitalist does not find his privilege very lasting. Other rival capitalists introduce, with more or less rapidity, the same machines and the same division of labor on the same or even more extended scale; and this introduction becomes general, until the price of the yard of cloth is reduced, not only below its old, but below its new cost of production.

Thus the capitalists find themselves relatively in the same position in which they stood before the introduction of the new means of production; and if they are by these means enabled to offer twice the amount of products for the same price, they now find themselves compelled to offer double the amount for less than the old price. Starting from the new scale of production the old game begins anew. There is greater subdivision of labor, more machinery, and more rapid progress in the exploitation of both. Whereupon competition brings about the same reaction against this result.

Thus we see how the mode and means of production are continually transformed and revolutionized, and how the division of labor necessarily brings in its train a greater division of labor; the introduction of machinery, a still larger introduction; and production on a large scale, production on a still larger scale.

This is the law which continually drives bourgeois production out of its old track, and compels capital to intensify the productive powers of labor for the very reason that it has already intensified them—the law that allows it no rest, but for ever whispers in its ear the words “Quick march!”

This is no other law than that which, cancelling the periodical fluctuations of business, necessarily identifies the price of a commodity with its cost of production.

However powerful the means of production which a particular capitalist may bring into the field, competition will make their adoption general; and the moment it becomes general the sole result of the greater fruitfulness of his capital is that he must now, for the same price, offer ten, twenty, a hundred times as much as before. But as he must dispose of, perhaps, a thousand times as much in order to outweigh the decrease in the selling price by the larger amount of the products sold, since a larger sale has now become necessary, not only to gain a larger profit, but also to replace the cost of production,—and the implements of production, as we have seen, always get more expensive—and since this larger sale has become a vital question, not only for him, but also for his rivals, the old strife continues, with all the greater violence, the more fruitful the previously discovered means of production are. Thus the subdivision of labor and the employment of new machinery take a fresh start, and proceed with still greater rapidity.

And thus, whatever the power of the means of production employed, competition does its best to rob capital of the golden fruit which it produces, by reducing the price of commodities to their cost of production,—and, as fast as their production is cheapened, compelling, as if by a despotic law, a continually larger supply of cheaper products to be offered at lower prices. Thus the capitalist will have nothing for his exertions beyond the obligation to produce during the same time an amount larger than before, and an enhancement of the difficulty of employing his capital to advantage. While competition continually persecutes him with its law of the cost of production, and turns against himself every weapon which he forges against his rivals, the capitalist continually tries to cheat competition by incessantly introducing further subdivision of labor and replacing the old machines

by new ones, which, though more expensive, produce more cheaply, instead of waiting till competition has rendered them obsolete.

Let us now look at this feverish agitation as it affects the markets of the whole world, and we shall understand how the increase, accumulation, and concentration of capital bring in their train an uninterrupted and extreme subdivision of labor, always advancing with gigantic strides of progress, and a continual employment of new machinery, together with improvement of the old.

But how do these circumstances, inseparable as they are from the increase of productive capital, affect the determination of the amount of wages?

The greater division of labor enables one laborer to do the work of five, ten, twenty; it therefore multiplies the competition among laborers, five, ten, or twenty times. The laborers do not compete only when one sells himself cheaper than another, they also compete when one does the work of five, ten, or twenty; and the division of labor which capital introduces and continually increases, compels the laborers to enter into this kind of competition with one another.

Further, in the same proportion in which the division of labor is increased, the labor itself is simplified. The special skill of the laborer becomes worthless. It is changed into a monotonous and uniform power of production, which gives play neither to bodily nor to intellectual elasticity. His labor becomes accessible to everybody. Competitors, therefore, crowd around him from all sides; and besides, we must remember that the more simple and easily learnt the labor is, and the less it costs a man to make himself master of it, so much the lower must its wages sink, since they are determined, like the price of every other commodity, by its cost of production.

Therefore, exactly as the labor becomes more unsatisfactory and unpleasant, in that very proportion competition increases and wages decline. The laborer does his best to maintain the rate of wages by performing more labor, whether by working

for a greater number of hours, or by working harder in the same time. Thus, driven by necessity, he himself increases the evil consequences of the subdivision of labor. So the result is this: the more he labors the less reward he receives for it; and that for the simple reason—that he competes against his fellow workmen, and thus compels them to compete against him, and to offer their labor on as wretched conditions as he does; and that he thus, in the last result, competes against himself as a member of the working class.

Machinery has the same effect, but on a much larger scale. It supplants skilled laborers by unskilled, men by women, adults by children; where it is newly introduced it throws the hand-laborers upon the streets in crowds; and where it is perfected, improved, or replaced by more powerful machines, discards them in slightly smaller numbers. We have sketched above, in hasty outlines, the industrial war of capitalists with one another; and the war has this peculiarity, that its battles are won less by means of enlisting than of discharging its industrial recruits. The generals, or capitalists, vie with one another as to who can dispense with the greatest number of soldiers.

The economists repeatedly assure us that the laborers who are rendered superfluous by the machine find new branches of employment.

They have not the hardihood directly to assert that the laborers who are discharged enter upon the new branches of labor. The facts cry out too loud against such a lie as this. They only declare that, for other divisions of the laboring class, as, for instance, for the rising generation of laborers who were just ready to enter upon the defunct branch of industry, new means of employment will open up. Of course that is a great satisfaction for the dismissed laborers. The worshipful capitalists will not find their fresh supply of exploitable flesh and blood running short and will let the dead bury their dead. This is indeed a consolation with which the bourgeois comfort themselves rather than the laborers. If the whole class of wage-laborers were annihilated by the

machines, how shocking that would be for capital, which, without wage-labor, ceases to act as capital at all.

But let us suppose that those who are directly driven out of their employment by machinery, and also all those of the rising generation who were expecting employment in the same line, find some new employment. Does anyone imagine that this will be as highly paid as that which they have lost? Such an idea would be in direct contradiction to all the laws of economy. We have already seen that the modern form of industry always tends to the displacement of the more complex and the higher kinds of employment by those which are more simple and subordinate.

How, then, could a crowd of laborers, who are thrown out of one branch of industry by machinery, find refuge in another without having to content themselves with a lower position and worse pay?

The laborers who are employed in the manufacture of machinery itself have been instanced as an exception. As soon as more machinery is demanded and used in industry it is said that there must necessarily be an increase in the number of machines, therefore in the manufacture of machines, and therefore also in employment of laborers in this manufacture; and the laborers who are employed in this branch of industry will be skilled, and, indeed, even educated laborers.

Ever since the year 1840 this contention, which even before that time was only half true, has lost all its specious color. For the machines which are employed in the manufacture of machinery have been quite as numerous as those used in the manufacture of cotton; and the laborers who are employed in producing machines in the face of the extremely artful machinery used in this industry, have at best been able to play the part of highly artless machines.

But in the place of the man who has been discharged by the machine perhaps three children and one woman are employed to work it. And was it not necessary before that the man's wages should suffice for the support of his wife and children? Was not the minimum of wages necessarily suffi-

cient for the maintenance and propagation of the race of laborers? What else does then the pet bourgeois argument prove, but that now the lives of four times as many laborers as before are used up in order to secure the support of one laborer's family?

To sum up: *the faster productive capital increases, the more does the division of labor and the employment of machinery extend. The more the division of labor and the employment of machinery extend, so much the more does competition increase among the laborers, and so much the more do their average wages dwindle.*

And, besides, the laboring class is recruited from the higher strata of society, ■ there falls headlong into it a crowd of small manufacturers and small proprietors, who thenceforth have nothing better to do than to stretch out their arms by the side of those of the laborers. And thus the forest of arms outstretched by those who are entreating for work becomes ever denser and the arms themselves grow ever leaner.

That the small manufacturer cannot survive in ■ contest whose first condition is production on a continually increasing scale—that is, for which the first prerequisite is to be ■ large and not ■ small manufacturer—is self-evident.

That the interest on capital declines in the same proportion as the amount of capital increases and extends, and that therefore the small capitalist can no longer live on his interest, but must join the ranks of the workers and increase the number of the proletariat—all this requires no further exemplification.

Finally, in the proportion in which the capitalists are compelled by the causes here sketched to exploit on an ever increasing scale yet more gigantic means of production, and with that object to set in motion all the mainsprings of credit, in the same proportion is there an increase of those earthquakes during which the business world can only secure its own existence by the sacrifice of ■ portion of its wealth, its products, and even its power of production to the gods of Hades—in a word, in the same proportion do crises increase. They become at once more frequent and more violent; because in the

same proportion in which the amount of production, and therefore the demand for the extension of the market, increases, the market of the world continually contracts, and ever fewer markets remain to be exploited; since every previous crisis has added to the commerce of the world a market which was not known before, or had before been only superficially exploited by commerce. But capital not only lives upon labor. Like a lord, at once distinguished and barbarous, it drags with it to the grave the corpses of its slaves and whole hecatombs of laborers who perish during crises. Thus we see that *if capital increases fast, competition among the laborers increases still faster, that is, the means of employment and subsistence decline in proportion at a still more rapid rate; and yet, none the less the most favorable condition for wage labor lies in the speedy increase of capital.*