

Lecture Notes 9 : Chapters 23-24

Chapter 23: Simple Reproduction

Simple reproduction defined:

surplus-value acquires the form of a revenue arising out of capital. If this revenue serves the capitalist only as a fund to provide for his consumption, and if it is consumed as periodically as it is gained, then, other things equal, simple reproduction takes place. (712)

Marx is concerned to show that, even under simple reproduction, the original capital advanced will become an ever-decreasing, eventually inexistent, proportion of capital advanced.

Say we start with €1000, which generates €200 in surplus-value per annum forever, all of which is consumed by the capitalist.

Even if that capital was, on its entry into the process of production, the personal property of the man who employs it, and was originally acquired by his own labour, it sooner or later becomes value appropriated without an equivalent, the unpaid labour of others materialized either in the money-form or in some other way. (715)

The chapter concludes with a contrast between the overt dependence of slavery and the 'appearance' of independence under capitalism, where the worker is anonymously bound to capital 'by invisible threads' (719).

Chapter 24: The Transformation of Surplus-Value into Capital

Simple vs. expanded reproduction

Consider the following example: $M=€10000$, $c=€8000$, $v=€2000$, $s=€2000$. Simple reproduction involves a cycle: €10000 begets €2000, €10000 begets €2000,... Expanded reproduction, however involves a 'spiral': €10000 begets €2000, which - if fully reinvested - begets €400, which begets €80, and so on. The total surplus converges to €2500. M therefore increases from €10000 to €12500, which begets...

The anti-Lockean argument

The original capital was formed by the advance of €10000. Where did its owner get it from? 'From his own labour and that of his forefathers', is the unanimous answer of the spokesmen of political economy... But it is quite otherwise with regard to the additional capital of €2000... There is not one single atom of its value that does not owe its existence to unpaid labour... the whole thing still remains the age-old activity of the conqueror, who buys commodities from the conquered with the money he has stolen from them. (728)

Consider:

- (1) To advance capital produced by one's 'own labour and'/or 'that of his forefathers' is legitimate (the €10000).
 - (2) To accumulate capital through the buying and selling of labour-power is legitimate (the €2000).
- ∴ (3) To accumulate capital by advancing it for the buying and selling of labour-power is legitimate.

Marx: even if we were to grant the Lockean premiss (1), it would still not follow that capital accumulation is legitimate. What we need is that (2) is also true. And (2) is false, because capitalist property is theft of unpaid labour.

The dialectical inversion of labour and property

The original connection between labour and 'personal' property culminates, through the accumulation of capital, into their separation:

The same [property] rights remain in force at the outset, when the product belongs to its producer who, exchanging equivalent for equivalent, can enrich himself only by his own labour, and in the period of capitalism, when social wealth becomes to an ever-increasing degree the property of those who are in a position to appropriate the unpaid labour of others over and over again. (733)

The abstinence theory

If profit-seeking is such a drag, then 'the simple dictates of humanity enjoin the release of the capitalist from his martyrdom and his temptation' (743, cf. Alfred Marshall's quip about Baron Rothschild). Moreover, reproduction on an increasing scale under feudalism 'go on their way without any intervention from that peculiar saint, that knight of the woeful countenance, the 'abstaining capitalist.' (746)

The cheapening of the worker

The form of labour-cheapening (discussed in chapter 17) reappears:

the increasing productivity of labour is accompanied by a higher rate of surplus-value, even when real wages are rising. The latter never rise in proportion to the productivity of labour. (753)

Say there's an increase in productivity, such that v halves. Assuming the working day remains constant, the total amount of value produced also remains constant. More schematically:

$$M = \text{€}12, c = \text{€}6, v_t = \text{€}4, s_t = \text{€}2.$$

Assume that the value of labour power halves, s.t. $v_{t+1} = v_t/2 = \text{€}2$.

If total value M remains constant, *and* the price of labour-power p_{t+1} falls to the level of v_{t+1} , then $\frac{s_{t+1}}{p_{t+1}} = 2$.

But if p falls only to $\text{€}3$, s.t. $p_{t+1} > v_{t+1}$, then $\frac{s_{t+1}}{p_{t+1}} = 1$.

Note that, given these assumptions, *real* wages increase, since the price of labour-power increases relative to the price of the means of subsistence.

The rate of exploitation remains constant only if p remains at $\text{€}4$, which implies the whole increase of productivity is absorbed by wages. This, Marx will argue, only occurs under exceptional conditions in the course of capitalist accumulation.

Suggested Reading

Foley, D. (1983), *Understanding Capital*, ch. 5.
Wolff, R.P. (1985), *Understanding Marx*, ch. 1.

Further Reading

Piketty, T. (2014), *Capital in the 21st century*, Harvard.