Chapter Six: The Sale and Purchase of Labour-Power

What Marx did in the last chapter in reaching the impasse that we currently find ourselves in was of course to deal with, in order to dispense with, the theories of vulgar bourgeois political economy regarding the source of profit (and hence capital). What characterises these theories as a whole is a failure to distinguish between use-value and exchange-value, a failure to see that in the exchange of commodities, while what changes hands is use-value, what is exchanged is value. And since we know that value, although it appears in circulation, arises in production, in that it is determined by the quantity of labour expended in the production of commodities, we are already close to resolving our problem. We shall see that the conclusion that surplus-value arises in circulation and does not arise in circulation is not such a contradictory finding, for we shall see that surplus-value arises in part in circulation and in part in production, i.e. outside of circulation.

Vulgar bourgeois political economy now dispensed with, Marx proceeds with his own argument. He summarises: we know that \( M - C - M' \) exists, because people do it. We know that \( \Delta M \), the extra value with which value self-valorises itself cannot originate within the circuit of capital, within \( M - C - C - M' \). But we know that it manifests itself there (in the form of \( M' \), i.e. \( M + \Delta M \)). Marx now effects a reduction by elimination with regard to the circuit of capital, with regard to \( M - C - M' \), to see exactly where surplus-value can, and does, come from.

It cannot, he reasons, come from:

1. the money-form at rest, for money at rest either realises the price of a commodity or is petrified as a hoard.
2. the first act of circulation, \( M - C \), for what is here being dealt with is an exchange of equivalents.
3. the second act of circulation, \( C - M' \), for the same reason.

But something curious has clearly happened between \( M - C \) and \( C - M' \). We are here exchanging equivalents, so, with respect to value, \( M - C - M' \) tells us that, on the one hand, \( C = M \), and, on the other, \( C = M' \), i.e. \( C = M + \Delta M \). But how can \( C \) be exchanged as an equivalent with money for two different quantities of money? In other words, how can the commodity have two different values?

The answer is this. The two transactions, \( M - C \) and \( C - M' \), occur separately in time, and, between the two transactions, the value of \( C \) has augmented. Clearly, it cannot augment its value in the sphere of circulation: it must have augmented its value in its consumption. Thus, Marx concludes, we must be dealing here with ‘a commodity whose use-value possesses the peculiar property of being a source of value, whose actual consumption is therefore itself an objectification of labour, hence a creation of value.’¹

The commodity in question is, of course, labour-power, the capacity for labour. Marx defines it like this: ‘the aggregate of those mental and physical capacities existing in the physical form, the living personality, of a human being, capabilities which he sets in motion whenever he produces a use-value of any kind.’² This is not the first time that Marx has had cause to refer to labour-power,³ but it is the first time he has referred to it as a commodity. Labour-power, the capacity for labour, has existed, and been expended, for as long as there have been humans fashioning use-values, i.e. since human time began; but the commodification of labour-power is the product of a specific set of historical circumstances.

In order for labour-power to exist on the market as a commodity two essential conditions must be met (and for each condition there exist a number of consequent subconditions). The two fundamental conditions are these:

1. The seller must be free to sell her labour power.
2. The seller must be ‘freed’ from the possibility of performing production – i.e. producing commodities – on her own account.

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¹ Karl Marx, *Capital* vol. 1 (Harmondsworth, 1990) [hereafter C.], p. 270.
² C., p. 270
³ He refers to it on pages 128, 134, 150 and 160.
The subconditions are these:

1. **free to sell**
   
   1. a. since ‘in and for itself, the exchange of commodities implies no other relations of dependence that those which arise from its own nature’\(^4\), the owner of labour-power must be the one who sells it, i.e. it cannot be sold by someone on her behalf; which means
   
   1. b. that she must enjoy a state of legal equality with the buyer of labour-power; and that, consequently,
   
   1. c. labour-power is only sold temporarily, for a definite and limited period of time, so that the worker is able both to alienate her labour and avoid renouncing her rights over it.

2. **free from other possibilities**
   
   2. a. she must be free from possession of ‘means of production’, such as raw materials, instruments of labour, etc.’; and
   
   2. b. she must be ‘free’ too from what she needs to consume in order to be able to live.

The question now arises: under which historical conditions, and as a consequence of what historical process of development, do these preconditions for the commodification occur? Answers to both these aspects of the question – the historical and the developmental – are left in abeyance here by Marx.\(^5\) At this point he limits himself to this observation:

‘Nature does not produce on the one hand owners of money or commodities, and on the other men possessing nothing but their own labour power. This relation has basis in natural history, nor does it have a social basis common to all periods of human history. It is clearly the result of past historical development, the product of many economic revolutions, of the extinction of a whole series of older formations of social production.’\(^6\)

But Marx does go on now to summarise the economic conditions for the emergence of commodities and money, from which it is possible to surmise a good deal with respect to the place of the commodification of labour-power within the overall scheme of things.

What is necessary for the production and circulation of commodities? Simply, that the product, to be a commodity, not be produced as the immediate means of subsistence of the producer herself. For this to take place requires a certain level of the social division of labour, such that use-value can be separated from exchange-value. But the overall level of development need not be very high, for commodity production and circulation can exist even when the great majority of objects produced are for immediate consumption by their producers.

Money, in turn, requires a certain level of commodity production; what level exactly depends on which forms of money are to be dealt with – money as mere equivalent of commodities, money as means of circulation, money as hoard money, money as means of payment, money as world money. Nevertheless, the level of commodity development sufficient for the appearance of all forms is, in Marx’s words, only ‘relatively feeble’.\(^7\)

Capital is different. The simple existence of commodity production and money does not suffice for its appearance.

It [capital] arises only when the owner of the means of production and subsistence finds the free worker available, on the market, as the seller of his own labour-power. And this one historical precondition comprises a world’s history. Capital, therefore, announces from the outset a new epoch in the process of

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\(^4\) C., p. 270-1.  
\(^5\) The historical aspect is developed later in *Capital* vol. 1, in the chapter concerning ‘primitive accumulation’. The developmental aspect is not dealt with in *Capital* at all (but it is so in the *Grundrisse*).  
\(^6\) C., p. 273.  
\(^7\) C., p. 274.
social production.’ In a footnote to the text Marx continues: ‘The capitalist epoch is therefore characterised by the fact that labour-power, in the eyes of the worker himself, takes on the form of a commodity which is his property; his labour takes on the form of wage-labour. On the other hand, it is only from this moment that the commodity-form of the products of labour becomes universal.\(^8\)

Marx now asks: since labour-power is a commodity, it must have a value. How then is this value determined? Like every other commodity, by the amount of socially necessary labour-time expended in its production. The value of labour-power is the value expended in the production of what is necessary for the workers’ subsistence. ‘The labour-time necessary for the production of labour-power is the same as that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of its owner.’\(^9\) Marx proceeds to give five more detailed specifications regarding subsistence:

1. Mere existence of the worker is insufficient, labour-power too must be ‘maintained’. The heavier the work, the more subsistence is needed.
2. The means of subsistence must be sufficient to maintain the worker in a normal condition in which she is capable of working.
3. Subsistence too contains a ‘moral and historical element’, determined by the level of civilisation, by custom, habit and expectation;
4. Subsistence must be sufficient to allow for the reproduction of labour-power, i.e. it must include for the maintenance of the worker’s children;
5. Subsistence must also include the cost of necessary education and training (where these do not fall under category 3).

The sum total of these various determinations averaged out in turn gives us the value of the means of subsistence necessary over a given period of time for the maintenance of the worker, and gives us thus the value of labour-power.

It must be stressed here that the value of labour-power as an exchange-value has nothing to do with the value created by labour-power as a use-value. Marx illustrates this with the following example. Suppose that, following the above, we calculate that the mass of commodities necessary for the production of the labour-power of one person for one day is the value of six hours of average social labour. For each day, then (assuming a 12-hour working day), half a day’s labour is required to produce one day’s labour-power. If the worker sells her labour-power at this price, at the value of six hours social labour, she must still work the full day of 12 hours, not six, in order to realise her labour-power’s price (i.e. her wage). And despite this, she is selling her labour-power at her value, not below it.

Marx concludes his discussion of the value of labour-power by nothing that there is a minimum level, independent of the caveats outlined above, below which the value of the commodities which produce and reproduce labour-power cannot fall without causing it to be sold lower than its value, and that is the value of the physically indispensable means of subsistence.

Marx now notes that, since the use-value of labour-power consists in its subsequent use it is normally only paid for after it has been alienated. This agreement is normally fixed by contract; the objective effect is that the worker advances the capitalist credit. The consequence of this is that the worker is at risk – what happens for example if the firm goes bankrupt before wages are paid? More simply, and commonly, this state of affairs is what gives rise to the truck system. Nevertheless, in what follows, we shall ignore this phenomenon, which is only incidental to the fundamental reality of labour-power and its sale.

Up to now we have only been concerned with the manifestation of labour-power in the sphere of circulation; it is now necessary to enter into the realm of the production process, where the use-value of labour-power

\(^8\) C., p. 274.
\(^9\) C., p. 274.
manifests itself in the latter’s consumption (the subject of the next chapter). The contrast between the two realms could not be greater:

The sphere of circulation of commodity exchange, within whose bounds the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, let us say of labour-power, are determined only by their own free will. They contract as free persons, who are equal before the law. Their contract is the final result in which their joint will finds a common expression. Equality, because each enters into relation with the other, as with a simple owner of commodities, and exchange equivalent for equivalent. Property, because each disposes of what is his won. And Bentham, because each looks only to his own advantage. The only force bringing them together, and putting them into relation with each other, is the selfishness, the gain and the private interest of each. Each pays heed to himself only, and no-one worries about the others. And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence, they all work together to their mutual advantage, for the common weal, and in the common interest.

When we leave this sphere of simple circulation or the exchange of commodities, which provides the ‘free-trader vulgaris’ with his views, his concepts, and the standard by which he judges the society of capital and wage-labour, a certain change takes place, so it appears, in the physiognomy of our *dramatis personae*. He who was previously the money-owner now strides out in front as a capitalist; the possessor of labour-power follows as his worker. The one smirks self-importantly and is intent on business; the other is timid and holds back, like someone who has brought his own hide to market and now has nothing else to expect but – a hiding.10

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10 *C.*, p. 280.