Chapter Eight: Constant Capital and Variable Capital

We have seen that the value of a commodity comes from two sources: from the new value created by the worker by means of her labour, and from the value of the means of production, which is preserved, and passed on, to the finished product. This double result arises from the dual character of labour. Insofar as it is concrete labour, directed at a specific activity, it preserves and passes on existing value; to the extent that it is abstract social labour, it creates new value.

To see the practical consequences of this, let us return to our spinner. Some new invention has just been introduced which allows her to spin as much cotton in 1 hour than she was previously able to spin in 6, i.e. her labour is now 6 times as productive as before. In 6 hours, therefore, she will now turn 60 lbs of cotton into yarn, rather than 10. But in these 6 hours she will only create as much new value as before, since value is measured in time, not by productivity. For the same reason, each 1 lb of yarn will only contain 1 sixth new labour than before, since it has only taken 1 sixth of the time to produce. On the other hand, the finished yarn, pound for pound, contains as much old value, passed on from the means of production, as before. In the 6 hours worked therefore, by virtue of producing 6 times as much yarn as previously, 6 times as much old value has been preserved and passed on than before. Thus, in general, the longer the time taken to produce a commodity, the greater the new value incorporated into it; the shorter the time, the greater the quantity of value preserved and passed on for a given period of time (but, of course, we are here talking about the time socially necessary).

Let us, on the other hand, assume that our spinner produces yarn at the same rate as previously, but that the exchange-value of cotton varies, either by rising 6 times its former value, or falling to one sixth of its former value. In this case, the spinner adds the same amount of new value to the yarn, and also produces the same quantity of yarn, in the same time as previously. However, now the value transferred from the cotton to the yarn is either 6 times as great, or 6 times less. The same kind of result occurs should the value of the instruments of labour rise or fall, leaving their usefulness unchanged.

Value can only exist in use-values; if an object loses its use-value it also loses its value, independently of any other consideration. The only reason that means or production do not lose their use-value (and hence value) in production is that the original use-value form is lost only to be re-assumed in a new form in the use-value of the product. But means of production do not function in this respect in the same way.

- **raw materials**, which vanish from the substance of the old product and reappear in the properties of the new product, lose the independent form they had when they entered the production process.

- **instruments of labour** do not lose their form (indeed, their utility depends on them not doing so): their use-value is consumed, however, over the course of their working life, so that a machine which has a life of, say, six days, will lose 1 sixth of its use-value, and pass on 1 sixth of its value, every day.

But means of production pass on no more value than they themselves contain, of course. If an instrument of production has no value, i.e. it is not the product of human labour, it passes on no value.

Thus our machine, which lasts 6 days, each day imparts 1 sixth of its value to the finished product. But the machine as a whole, all 6 sixths of it, continues to enter into the production process throughout its life. Here we see a concrete reflection of the distinction between the labour process and the process of creating value, for, the instrument of labour continually enters into the former, while it enters into the latter only in parts.

As raw materials are transformed in form by productive labour their value departs the old body and occupies the new one. But this process occurs simultaneously to, and as a consequence of, the value-creating process performed by the worker. This is a natural property of labour-power in action: the reproduction of old value at the same time as it creates new.

It is different with regard to instruments of production. What is consumed is not their value but their use-value. Their value is more accurately preserved than reproduced, and it is preserved not because of any operation they
undergo in the labour process but by virtue of the fact that their exchange-value disappears and re-appears in the value of the finished product. ‘What is produced is a new use-value in which old exchange-value appears.’

Likewise with regard to labour-power, whose use-value is consumed in production rather than its value being preserved in the new product. But the difference is that the consumption of labour-power does not cause old value to reappear, but new value to be created. It is cardinal to see this new value as the function of the use-value of labour power, not of its exchange-value. Were labour power only capable of imparting its own value to the product and no more there would be no surplus-value. Here, we are dealing with ‘a real reproduction, and not, as in the case of the value of the means of production, simply an apparent one.’ The function of labour-power to bring about the replacement of one value by another is brought about through the production of new value.

We are here, of course, practically speaking, really dealing with capital as a whole, $M-C-M'$; capital which, as it loses its monetary form, is split up and directed into different forms of existence and transformed into different elements of the production process, and which is then, once valorised, re-transformed into a greater quantity of money. But we are now in a position to make the distinction between these two different parts of capital:

- **constant capital**: that part which is turned into means of production (raw material, auxiliary materials, instruments of labour) and which undergoes no quantitative alteration of value in the production process.
- **variable capital**: that part of capital which is transformed into labour-power, and which does undergo a quantitative increase in its value.

The same elements of capital which, from the point of view of the labour process, can be distinguished respectively as the objective and subjective factors, as means of production and labour-power, can be distinguished, from the point of view of the valorisation process, as constant and variable capital.

This is not to say that constant capital cannot undergo changes in value, but that such changes of value that it does undergo are changes wrought by social determinants, not by the production process. The process of raw materials can rise and fall. But by virtue of this social determination, a generalised rise or fall in the price of a raw material affects the price of the whole finished product, whether already manufactured or not. The change in value of a raw material occurs not because it is capital, but because it is a product; a change in its value affects not first production, but the social conditions in which production takes place.

A similar phenomenon occurs with regard to instruments of labour. Technical improvements affect the labour-time socially necessary for production and impact on the quantity of labour imparted by pre-improvement instruments. But again, this is a change which has occurred outside the process in which the machine is engaged as a means of production.

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1 Karl Marx, *Capital* vol. 1 (Harmondsworth, 1990) [hereafter C.], p. 316.
2 C., p. 316.
3 C., p. 317.