The Results of the Immediate Process of Production

Part Two: The Commodity

1 The Commodity as Both the Premise of Capitalist Production and Its Immediate Result

Capitalist production is the production of surplus-value, and is, as such, also accumulation, the production of capital and the production and reproduction of the capital relation on an ever-expanding scale.

But what is the *form* that surplus-value takes? Surplus-value exists as a part of the value of commodities, in the form of a specific quantity of surplus product. ‘Capital produces only surplus-value and reproduces itself only in its capacity as the producer of commodities.’1 The commodity is ‘the foundation and premise of capitalist production.’2 It is also its immediate3 result, the form in which capital re-emerges from the process of production. We now therefore turn again to the commodity as the immediate product of capital.

Prior to capitalist production was an isolated phenomenon. Historically, however, within certain limits goods and money did circulate and there was a certain development of trade. ‘This was the premise and point of departure for the formation of capital and the capitalist mode of production.’4 Methodologically too we have considered the commodity as the premise of capitalist production, and also as capitalist in its simplest form. But at the same time now we see the commodity as the *result* of capitalist production. ‘What began as one of its components turns out to be its own product.’5 Marx notes the overall circularity of his argument: the commodity, ‘the elementary form of bourgeois wealth,’ is the ‘prerequisite for the emergence of capital’; now we see too that ‘commodities appear […] as the product of capital.’6

This circularity of presentation corresponds to the historical development of capital. Capital is predicated on the exchange of (trade in) commodities; but commodities may appear in stages of production prior to capitalist production properly so called, or in stages of production in which capitalist production only enjoys a sporadic existence. But ‘the form of the commodity as the universally necessary social form of the product can only emerge as the consequence of the capitalist mode of production.’7 In other words, both the exchange (and, logically, the production) of commodities and the existence of capital may proceed generalised capitalist production, but only with the appearance of generalised capitalist production does the production of commodities become the predominant feature of production.

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1 Karl Marx, *Capital* vol. 1 (Harmondsworth, 1990) [hereafter C.], p. 1058.3 [p. 1059]. (For more precise referencing citations will be given in the form: page number.paragraph number. Where this means that, owing to paragraph overruns, the quoted text appears on a page following that of the reference, this latter will be given in square brackets, [like this]. My default procedure here will be to omit all italicisation; when I (occasionally) maintain what appears to me a justified emphasis, or (even more occasionally) I add my own, this will be indicated in the footnote giving the reference.

2 C., p. 1059.1.

3 ‘Immediate’ now in this sense: ‘commodities are incomplete results regarded […] as economic forms. Before they can function again as wealth (whether as money or as use-values), they must undergo certain formal changes [i.e. changes in form] and they must re-enter the process of exchange in order to do so.’ (C., p. 1058.3 [p. 1059])

4 C., p. 1059.1 [pp. 1059-60].

5 C., p. 1059.1.

6 C., p. 949.2.

7 C., p. 949.3.
Thus the commodity is both the precondition of developed capitalist production and ‘the immediate result of the capitalist process of production.’

2 The Transformation of the Elements of Capitalist Production into the Capitalist Mode of Production

Money and commodities are ‘elementary preconditions’ of capital, but do not become capital until trade (the exchange of commodities) reaches a certain level; but once the commodity does become the general form of the product the tendency is that everything that is produced is produced as a commodity.

(Thus everything of which the capitalist mode of production is constituted — the production of commodities and their exchange, money, even capital itself — has an existence prior to the appearance of the capitalist mode of production. But the existence of the capitalist mode of production endows these categories with new historically determined properties.) ‘Even economic categories appropriate to earlier modes of production acquire a new and specific character under the impact of capitalist production.’

The decisive element here is the transformation of the worker’s capacity for labour into a commodity; a fact which means that trade now enters into a sphere previously forbidden it. Now, all aspects of production have become commodified; all the conditions of production now enter into production as commodities. The worker ceases to be a part of the objective conditions of labour; in her place appears her labour-power, which she sells. For the commodity to become ‘the universal elementary form of wealth,’ the alienation of the product must become the necessary means of appropriating it. This implies a fully developed social division of labour. Only on the basis of capitalist production does ‘all produce necessarily […] assume the form of the commodity and hence all producers […] necessarily commodity producers. Therefore, it is only with the emergence of capitalist production that use-value is universally mediated by exchange-value.’

Marx now summarises the preceding argument in point form:

1 ‘Capitalist production is the first to make the commodity into the general form of all produce.’

2 The production of commodities develops into capitalist production ‘once the worker has ceased to be a part of the conditions of production,’ in other words, ‘from the moment when labour-power in general becomes a commodity.’

3 Capitalist production destroys the basis of commodity production based on individual production. ‘The formal exchange of capital and labour-power becomes general.’

3 The Commodification of the Conditions of Production

How the conditions of production enter into the labour process, i.e. the service they perform in the process of production as use-values, is immaterial from the point of view of how, as commodities, i.e. as exchange-values, they enter into the valorisation process. From this point of view what counts is the value they add to the final product: ‘in other words, then, inasmuch as the commodity is treated as an autonomous exchange-value, it acts

\[8 \text{C.}, \text{p. 949.4.}\]
\[9 \text{C.}, \text{p. 950.1.}\]
\[10 \text{C.}, \text{p. 950.2 [p. 951].}\]
\[11 \text{C.}, \text{p. 951.1.}\]
\[12 \text{C.}, \text{p. 951.2}\]
\[13 \text{C.}, \text{p. 951.3.}\]
as money,"\textsuperscript{14} either actual money, or accounting money: the commodification of the conditions of production reduces them to money.

### 4 The Commodity as Product of Capital

We can now consider the commodity as it emerges from capitalist production. In chapter 1 we considered the commodity ‘as an autonomous article in which a specific amount of labour-time is objectified and which therefore has an exchange-value of definite amount.’\textsuperscript{15} The commodity that emerges from developed capitalist production is different, and we can now further define it as follows:

1. We can now say that the labour embodied in the commodity as value is composed of both paid and unpaid labour, i.e. that a part of this objectified labour (apart from the constant capital which is paid for as an equivalent) has been exchanged for the equivalent of the wages of the worker, and another part that is appropriated by the capitalist.

2. The result of the capitalist production process is not individual commodities, each embodying a determinate quantity of objectified labour, but a mass of commodities in which the total capital invested plus the surplus-value – i.e. the appropriated surplus-labour – has been reproduced; the value of each individual commodity is now no longer calculable except as an ideal quantity of labour, an aliquot part of the total labour expended in production. The price of the commodity ‘appears as a merely ideal fraction of the total product in which the capital reproduces itself.’\textsuperscript{16}

3. Since the commodity as the product of capital embodies the total value of the capital deployed plus the surplus-value – is ‘a transfiguration of capital which has valorised itself’\textsuperscript{17} – in order to realise the capital value and the surplus-value it created its sale must be organised on a sufficient scale and in sufficient quantities: ‘it is by no means sufficient for the individual commodities or a portion of them to be sold at their value.’\textsuperscript{18}

### 5 Surplus-value and Price of the Commodity as Product of Capital

#### 5.1 The Determination of the Price of the Product of Capital

For a commodity to enter into exchange, it must express itself in a twofold way, not only as a use-value, meeting specific needs, but also as an exchange-value. ‘Its exchange-value must also have acquired a definite, independent, form, distinct, albeit ideally, from its use-value.’\textsuperscript{19} Exchange-value realises this form ‘as the pure form of materialised social labour-time, i.e. its price’\textsuperscript{20} as money.

Leaving aside single large-scale commodities – railways, buildings, etc. – in which the total product of capital is a single product, and whose price is given by the money expression of the total value of capital plus the surplus-value, commodities form a total product subdividable by the traditional measure applied to the commodity, of which the single commodity forms the unit of measure. We can thus now treat the total product of capital as a total commodity, whose total price is the expression of the total value of the total product of a total capital.

\textsuperscript{14} C., p. 951.4 [p. 952] (italicisation maintained).
\textsuperscript{15} C., p. 953.2.
\textsuperscript{16} C., p. 954.1
\textsuperscript{17} C., p. 954.2.
\textsuperscript{18} C., 954.2 [pp. 954-5].
\textsuperscript{19} C., p. 955.1 (italicisation maintained).
\textsuperscript{20} C., p. 955.1.
A technical point: when we looked earlier at the valorisation process, we saw that one part of constant capital passes on its value to the product without itself entering into the labour process. The only value of constant capital that is of relevance with regard to the value (price) of the product is that concretely passed onto it in production: once a given quantity of product has been produced any remaining value which can be passed on to further products of such constant capital. Thus the total value of constant capital can be safely ignored.

In capitalist production, if the productivity of labour varies, the same labour-time will result in the production of different quantities of product; or, to put it another way, ‘equal exchange-values will be expressed in quite different quantities of use-values.’21 This can be seen if we imagine a case in which the total amount of capital remains the same while a varying productivity of labour produces different amounts of use-values. Marx uses the example of wheat, where the variations in the quantity of use-value for the same original capital occur because of changes in natural conditions.

Per acre, the farmer invests £5: £3 constant capital and £2 variable capital. The rate of surplus-value is 100%; the total product per acre is £7. Each acre, in other words, produces wheat to the value of £7, independently of how much wheat is actually produced. So while the price of the total product remains the same, with variations in the productivity of labour the price per unit will vary: if the land yields 5 quarters per acre, each will sell at 28s,22 if the yield is 2 quarters, each will sell at 70s, etc. But the proportion of variable to constant capital, and hence the proportion of unpaid to paid labour, remains the same.

The tendency and result of the capitalist mode of production is steadily to increase the productivity of labour. Hence it also increases the mass of means of production converted into product by the use of the same quantity of additional labour. This additional labour is then distributed progressively over a greater mass of products, thus reducing the price of each individual commodity and commodity prices in general.23

But this effect, in and of itself, produces no change in the mass of surplus-value produced by the variable capital, or in the proportion between paid and unpaid labour newly added to each commodity.

The absolute amount of living labour newly added to a specific amount of already objectified labour does not affect the proportions in which this greater or lesser quantity breaks down into paid and unpaid labour when applied to the individual commodity.24

The converse is also true. Changes in the price of commodities do not rule out a constant rate of surplus-value; nor an unchanging price a changing rate of surplus-value.

5.2 The Effect of Changes in the Rate of Surplus-Value

5.2.1 Absolute Surplus-Value (Increasing the Working Day)

The price of a total product will be given by adding the capital invested (bearing in mind the point made above regarding how we deal with the value of the constant capital) and the surplus-value.

£100 of capital, breaking down into £80 constant capital and £20 variable capital (which represents 20 working days for 20 workers), is invested at a rate of surplus-value of 100%. The total price of the total product will be £100 plus £20 surplus-value: £120. The price of each individual commodity is given by dividing the total

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21 C., p. 957.3
22 Although it is tedious, we shall be sticking with Marx’s use of pre-decimal money, both for this example and the one which is to follow, for the maths works out more cleanly.
23 C., p. 959.1 [pp. 959-60].
24 C., p. 959.1. [p. 960].
product by the number of use-values which make it up. If, in this example, the product of the £100 of capital is 1,200 units, then each unit will be £120 \frac{1}{1,200}, or 2s. This example is given as scenario I in the table.

In this example the £20 variable capital represented 20 working days of 10 hours for 20 workers: at the rate of surplus-value of 100% each worked 5 hours per day to reproduce her labour-power, and 5 to produce surplus-value.

But let us now assume that the working day is increased to 12 hours. Instead of reducing the number of workers now necessary to produce the same number of units as before, all 20 are retained, who will now put in 240 hours of labour, instead of 200, producing a value of £48 (necessary labour plus surplus labour) a week, instead of £40. We shall assume in these examples a static productivity of labour. Since a labour-time of 200 hours, producing £40 of value, required a constant capital of £80, a labour-time of £48 will require a constant capital of £96. The total capital laid out (constant capital plus variable capital) is now £116 (£96 plus £20; there has, of course, been no rise in wages); and the value of the total product (constant capital plus variable capital plus surplus value) £144 (£96 plus £20 plus £28). If we assume no change in the unit price of the product, the total value will now produce 1,440 units. This example is given as scenario II in the table.

What has happened? With the lengthening of the working day, assuming constant prices and a static labour productivity both the amount of surplus-value and its rate have risen: by 40%, and from 100% to 140% respectively.

‘With prices constant the surplus-value grows because the same variable capital sets more labour in motion and this means not only that more goods are produced at the same cost but that more goods are produced containing a greater proportion of unpaid labour.’ When absolute surplus-value (i.e. the lengthening the working day) is increased, the total yield of surplus-value is dependent on the number of workers employed, while the rate of surplus-value is dependent on the degree to which the working day has been lengthened.

<table>
<thead>
<tr>
<th>scenario</th>
<th>c (£)</th>
<th>v (£)</th>
<th>s (£)</th>
<th>value of the total product (£)</th>
<th>rate of surplus-value (%)</th>
<th>sum of surplus-value (£)</th>
<th>units</th>
<th>price per unit</th>
<th>amount of labour per unit</th>
<th>surplus labour per unit</th>
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<tbody>
<tr>
<td>I</td>
<td>80</td>
<td>20</td>
<td>20</td>
<td>120</td>
<td>100</td>
<td>20</td>
<td>1,200</td>
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<td>8d</td>
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<tr>
<td>II</td>
<td>96</td>
<td>20</td>
<td>28</td>
<td>144</td>
<td>140</td>
<td>28</td>
<td>1,440</td>
<td>2s</td>
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<td>III</td>
<td>80</td>
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<td>120</td>
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<td>1,200</td>
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<td>(\frac{44}{5})d</td>
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<td>IV</td>
<td>100</td>
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<td>150</td>
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<td>1,500</td>
<td>2s</td>
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<td>(\frac{44}{5})d</td>
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25 Marx’s chosen product is linen, and he uses the nowadays rather obscure unit of measurement of the ell (a yard and a quarter). We shall be sticking with ‘units’ (of an undefined commodity).

26 i.e. £48 total new value minus £20 variable capital (necessary labour).

27 C., p. 961.2 [p. 962].
5.2.2 Relative Surplus-Value (Cheaper Value of Labour-Power)

Now we are going to reduce the necessary labour time from 4 to 5 hours through a rise in the productivity of labour in those branches of production whose products make up the means of subsistence (i.e. we are going to reduce the value of labour-power by reducing the amount of labour-time necessary for its (re-)production. Now the rate of surplus labour stands at 6 hours surplus labour and 4 hours necessary labour, 150%.

Here, the same constant capital is set in motion; and the total value of the product remains the same: £120, which breaks down as £80 constant capital, £16 variable capital, and £24 surplus-value. The price per unit is the same: i.e. we will produce 1,200 units at 2s per unit. This is scenario III.

The rate of surplus-value is 150%, 10% higher than in scenario II, but the total yield of surplus-value is lower. Why? Because in the latter case more variable (and constant) capital was laid out. If now we lay out the same amount of variable capital as in scenario II, i.e. £20 instead of £16, we now employ more labour (25% more), which demand more (25%) constant capital; we will now produce 1,500 units instead of 1,200, with a greater mass of surplus-value. This is scenario IV.

The conclusion we can draw from these last examples is this:

as a result of a fall in wages [...] [through cheapening labour-power, i.e. through increasing the rate of relative surplus-value] less variable capital is required to put the same amount of labour to work at greater advantage to capital. [...] Therefore, the capitalist who continues to lay out the same amount of variable capital as in scenario II, i.e. £20 instead of £16, we now employ more labour (25% more), which demand more (25%) constant capital; we will now produce 1,500 units instead of 1,200, with a greater mass of surplus-value. This is scenario IV.

5.3 The Relation of Price and Surplus-Value

We can now draw the following general conclusions:

1. with varying commodity prices both the rate and mass of surplus-value may remain constant
2. with constant commodity prices both the rate and mass of surplus-value may vary

What conclusion 1 means is this. Speaking generally, the role of commodity prices vis-à-vis surplus-value is limited to the degree to which they impact on labour-power. Excepting this effect, we can say that a fall in prices (a cheapening of goods) resulting from an increase in productivity will mean that less overall labour will be realised in each commodity – that the same labour will result in a greater quantity of goods – but that, all else being equal, the ratio between paid and unpaid labour in each will remain the same.

From the second conclusion we can say that, although the price of commodities, because of a static labour productivity, may remain the same, both the rate and mass of surplus-value, being dependent on, one, the proportion of labour-time, and, two, the absolute labour-time, necessary for the reproduction of labour, may vary. ‘In short, a variable capital of a given size does not always set the same amount of living labour in motion, and if we regard it as a symbol of the amounts of labour it sets in motion, it must be considered a symbol of varying magnitude.’29

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28 C., p. 964.2
29 C., p. 965.1
6. The Difference between the Commodity as the Elementary Element of Capital and the Product of Capital

The conclusion we are now led to on the strength of all this is that the commodity as the elementary component of capitalist production as we first encountered it in chapter 1 and the commodity as it now presents itself as the result of capitalist production must be treated quite differently.

Now the commodity ‘appears as the product of capital, as the aliquot component of capital, as the depository of capital that has valorised itself and hence contains an aliquot part of the surplus-value generated by capital.’

What are the actual differences, concretely put?

First, we have the question of value (‘price’) as just discussed. When we first encountered the commodity we established its value as the quantity of socially necessary labour expended in its production, and its exchange-value as the independent manifestation of this value in the form of another commodity, and left it at that. Now we see that the price of the commodity, now considered not simply as the product of human labour but as the product of capitalist production, not just as value but as the product of the self-valorisation of value, is in fact determined by a complex of social determinations.

Second. We are now dealing with the commodity not as an autonomous article, but as the product of capital, i.e. not as a simple, unmediated quantity of labour-time but as an aliquot part of the overall product of capitalist production. Now it is by no means guaranteed that the sale of a commodity at its value will result in the realisation of the capital invested in its production, not to speak of surplus-value, for to sell an individual commodity at its value is not the same as selling commodities at their value ‘as products of capital and as components of the aggregate product in which the capital that has been valorised actually has its being.’

Taking the example summarised as scenario I in our table, of the capital of £100 reproduced in the form of 1,200 units at a total price of £120, we can represent the breakdown of constant capital, variable capital and surplus-value in more than one way. We can see each unit, with a price of 2s, as being composed of 16d constant capital, 4d variable capital and 4d surplus-value; or we can see the whole total product of £120 as being composed of £80 constant capital, £20 variable capital and £20 surplus-value. We can also represent this latter case in terms of units, and see, of the 1,200 total units, 800 of them as representing constant capital, 200 representing variable capital, and 200 surplus-value. Conceiving of the commodity as the product of capital, with the respect to the realisation of the capital invested and of the surplus-value we are now not interested in the sale of one unit but of all 1,200 of them. If, say, only 800 units are sold – at their true value – only 80% of the original capital will be realised, and no surplus-value at all, i.e., the 800 units, although as individual commodities sold at their true value, as the product of capital will have been sold at \( \frac{2}{3} \) of it.

What is at issue here is not just that the commodity’s sale price should reflect its value, as in the case of the commodity conceived as an autonomous thing, but that, as a depository of the capital invested in it, its sale price should also reflect the fact that it is an aliquot part of the total product of that capital.

Marx now makes a rather important point:

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30 C., p. 965.2.
31 Marx reminds us that for our purposes in this volume we are, unless otherwise stated, using ‘price’ and ‘value’ as synonymous terms: ‘Price [...] is in general just the money-expression of value. Prices differing from the underlying values have not yet entered into our discussion.’ (C., p. 966.1)
32 C., pp. 129-31, 152.
33 C., p. 966.2.
34 See the discussion at C., pp. 329-32.
35 C., p. 967.1.
It follows from this that, with the development of capitalist production and the resultant reduction in prices, there must be an increase in the quantity of goods, in the number of articles that must be sold. That is to say, a constant expansion of the market becomes a necessity for capitalist production.\(^{36}\)

Marx now addresses the historical tendency of the ratio of surplus labour to necessary labour to rise. If the price of individual articles falls due to a rise in the productivity of labour then the portion of surplus-value to be found in each article falls too, even though this phenomenon has no necessary bearing on the relation between that part of the price which corresponds to surplus labour and that part which corresponds to necessary labour. But, as we have seen, there is an historical tendency to cheapen labour-power, which is caused by a historical tendency to cheapen the overall means of subsistence. This historical tendency translates itself into a tendency to extend unpaid labour at the expense of paid labour. Thus although the general trend is towards the cheapening of goods, in the mass of goods the proportion of price that represents surplus-value tends to rise.

In other words, in the smaller total amount of labour to be found in the individual article \(\ldots\) there is a larger amount of unpaid labour than before when the labour was less productive, the quantity of the product was smaller, and the price of the individual article higher.\(^{37}\)

Marx now directs his fire at the position argued by Proudhon, that, since the price of commodities is determined by adding the price of wages and surplus-value, it is impossible for the worker, who has only wages, to buy back her own product, for its price will always be higher than she can afford.

Marx does acknowledge that here there is a real difficulty, that appearances are genuinely deceptive.

It is at first sight just as confusing for the person who only considers the price of the individual commodity as our earlier proposition that the individual commodity or a specific proportion of the total product can be sold both at the right price and below it, at the right price and above it, and even at more than its right price even though it is below it.\(^{38}\)

Marx responds to Proudhon in terms of his exposition of price as we have been reviewing it here, arguing that what the worker buys back is that part of the total product that corresponds to variable capital.\(^{39}\)

\(^{36}\) C., p. 967.2.

\(^{37}\) C., p. 970.4 [p. 971].

\(^{38}\) C., p. 968.3.

\(^{39}\) But is this the real source of Proudhon’s error? Is not the difficulty here to be found not in the understanding of the social determination of commodity prices but in that of the distinction between the value of reproducing labour-power and the value that it is able to produce? Looked at in this way it is unarguable that the worker is not going to be able to buy back the whole of the product of production, but, by definition, she will be able to buy ‘back’ her means of subsistence, for that is how the value of her labour-power is determined (disregarding variations between wages and the value of labour-power). Of course, understanding that the value (‘price’) of a commodity is determined by its nature as an aliquot part of capitalist production helps us see this underlying reality. Nevertheless, we do seem to have arrived at something of a paradox. For in these terms it does seem as if there will inevitably be a proportion of product unsold, or at least not bought ‘back’ by the worker. Indeed, Marx does acknowledge that ‘the virtue of Proudhon’s approach [is] that he frankly expresses the confusions in the realities of the economic phenomena’ (C., p. 973.1); and we did see in chapter 3 that the metamorphoses necessary for the circulation of commodities presuppose at least the possibility of crisis, i.e. that commodities to be sold might not end up actually being sold (C., pp. 198-220). Of course, we have already established that capitalist production is an expanding system, and that not least of the necessities of the capital relation is that of creating expanding markets, whether understood extensively or intensively. And not all production is directed at producing means of subsistence for the worker: apart from unproductive (‘luxury’) consumption on the part of the capitalist class production is also directed at the capital goods market. But that the realisation of surplus-value – selling the product of capitalist production – is not an uncomplicated matter is further suggested by Marx’s concluding remarks, as he directs us to what will be the focus of volume 2.
Marx concludes his discussion by noting that the commodity, ‘the first result of the immediate process of capitalist production’,\textsuperscript{40} must now enter the process of exchange, a matter to which there is more than the mere formal metamorphoses already discussed,\textsuperscript{41} for commodities are also the ‘depositories’ of capital, ‘and in this respect their circulation, which is simultaneously the reproduction process of capital, entails further determinations alien to the abstract description of the circulation of commodities.’\textsuperscript{42} In volume 2 we will take up the circulation process of capital.

\textsuperscript{40} C., p. 974.3.
\textsuperscript{41} C., pp. 198-209.
\textsuperscript{42} C., p. 974.3 [p. 975].