

CLASS UNITY

Study Guide: Wage Labor & Capital [[link](#)]

[“Relation of wage-labor to capital”](#) through [“Effect of capitalist competition on the capitalist class, middle class and working class”](#)

Important Vocabulary

Think about what these mean and write down what you think the definitions are.

- Wages
- Labor vs Labor-power
- Commodities
- Exploitation
- Capital
- Value vs price

Read these terms and keep them in mind as you read:

- Use-Value: an object that is useful for a specific purpose
- Exchange-Value: the ratio in which one commodity is exchanged for another commodity; price expresses it in terms of a monetary unit (e.g. dollars)
- Value: the numerical quantity that a capitalist invests in production and reaps from the sales of products (e.g. surplus-value)
- Surplus-Value: the value of proceeds of production that, when sold, exceeds the cost of production; the source of profit.

Guiding Questions

Read these questions beforehand and think about what you think the answers are as you go along. In your notes, indicate key quotes that might be related to each question.

Why speak of *capital* instead of *capitalists*?

What does it mean that cutthroat competition isn't just the position of the worker, but also the capitalist?

How does Marx understand how the competitive drives for profit and technological innovation give rise to the social dynamic of capitalism? What are their ultimate consequences? Consider the following statements, which provide good examples of “dialectic” and “contradiction” in the Marxian sense. Marx writes:

The more powerful and costly means of production that he [the capitalist] has called into existence *enable* him, it is true, to sell his wares more cheaply, but they *compel* him at the same time *to sell more wares*, to get control of a very much *greater* market for his commodities; consequently, this capitalist will sell his half yard of linen more cheaply

than his competitors. [...] [but] the *privilege* of our capitalist is not of a long duration... capitalists therefore find themselves, in their mutual relations, in the same situation in which they were before the introduction of the new means of production...

And Jon Elster similarly writes:

...the realm of social **contradictions**. Let me begin with an example that was made famous by John Maynard Keynes but is already in Marx. It is a central paradox of capitalism that **each capitalist wants his workers to have low wages, because this is good for his profits; yet he wants the workers employed by all other capitalists to have high wages, because this creates a demand for his products**. Each capitalist, in other words, wants to be in a position which, for purely logical reasons, not everyone can occupy. Although the desire of each capitalist is internally consistent, their desires taken together are contradictory. There is no possible world in which they could all see their desires satisfied. This is not merely a logical paradox. It is closely related to the **recurring crises in the capitalist economy**. To see this, take a case where loss of export markets leads to a fall in the demand for cars and hence in the profits of the car industry. Automobile producers will often react by laying off workers or by cutting their wages. For simplicity, consider only the second response. From their local point of view, the behavior of the firms is quite rational; yet it also has consequences for other firms, because part of the demand for their products comes from automobile workers. These firms will, in a similarly rational response, also impose lower wages, thereby hurting everybody else in the same way as they were themselves hurt by the car producers. The end result of this vicious circle can be a state of mass unemployment.

[...] **It would be better for all firms if all abstained from reducing wages, but any given firm will always see wage cuts as an attractive proposition.** (Jon Elster, *An Introduction to Marx*, 37-8).

What does Marx mean by the “social chasm that divides the worker from the capitalist”?

Consider the following passage:

The labourer seeks to maintain the total of his wages for a given time by performing more labour, either by working a great number of hours, or by accomplishing more in the same number of hours. Thus, urged on by want, he himself multiplies the disastrous effects of division of labour. The result is: the more he works, the less wages he receives. And for this simple reason: the more he works, the more he competes against his fellow workmen, the more he compels them to compete against him, and to offer themselves on the same wretched conditions as he does; so that, in the last analysis, he competes against himself as a member of the working class.

Let's say instead of this that he forms a labor association at his workplace and negotiates higher wages for him and all his coworkers. Has he changed the terms of the competition?

Helpful Resources:

Unlike the slaveholder, the lord of the manor has only some ownership of the labour power of the producer subordinate to him. He is entitled to tell the **serf** what to do with his labour power only some of the time. Unlike the proletarian, the **serf** has only some rights over his labour power, not all; but whereas the proletarian has no rights over the means of production he uses, the **serf** does have some. The lord may not expropriate his plot of land, while the proletarian has no means of production to lose, belonging as he does—and in this sense—to the expropriated class. We may tabulate the ownership positions of immediate producers as follows:¹

TABLE I

	<i>His Labour Power</i>	<i>The Means of Production He Uses²</i>
SLAVE	None	None
SERF³	Some	Some
PROLETARIAN	All	None
INDEPENDENT PRODUCER	All	All

SLAVE
SERF³
PROLETARIAN
INDEPENDENT PRODUCER } OWNS