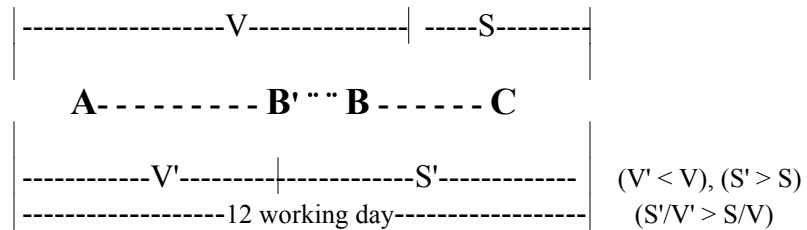


# Chapter 12: The Concept of Relative Surplus Value

## Outline of Marx's Discussion

Even if the "boundaries of the working day" are given [say by workers' struggles] as A - C, it is possible for the capitalists to increase their share of value (and thus their surplus value), by reducing necessary labor, i.e., reducing the workers' share from A-----B (V) to A---B' (V'):



This could be achieved by:

- a. pushing down the wage to the equivalent of A-B'
  - but, if we assume the wage must = value of labor power (V) then a fall in wages below this level would mean a collapse in the ability of the workers to reproduce themselves, which would eventually undercut A - C. Marx notes that this often happens but must be assumed away in the analysis of self-sustaining accumulation.
- b. pushing down the value of the means of subsistence
  - i.e., reducing V without reducing the *real* wage or the ability of the workers to reproduce themselves.
  - to do this requires an *increase in productivity* in the production of the means of subsistence

### Increases in Productivity □ Relative Surplus Value

- "we mean an alteration in the labor process of such a kind as to shorten the labor-time socially necessary for the production of a commodity" (p. 431)
- the capitalists achieve this by "revolutionizing" the "technical and social conditions of the [labor] process and consequently the mode of production itself" (p. 432)
- "I call that surplus-value which arises from the curtailment of the necessary labor time, . . . *relative surplus value*." (p. 432)
- relative surplus value can be derived either from:
  - an increase in the productivity of producing the means of subsistence
  - an increase in the productivity of producing the instruments and raw materials used in the production of the means of subsistence

### Competition

- Competition acts to circulate productivity raising technological change:
  - the capitalist who introduces productivity raising change lowers costs and thus increases profits if sales continue at a price indicated by average productivity,

that capitalist thus gains a temporary advantage and gains a greater share of surplus value vis à vis competitors

- Marx's examples involve showing how increased production in the same period results in less value per unit of output, thus lower costs
- the increased productivity, assuming it is translated into increased production, will expand supply and push down prices, threatening other capitalists' profits and market share
  - they are therefore under pressure to adopt the same or similar productivity raising innovations in order to lower their costs
- "the law of the determination of value by labor-time . . . acting as a coercive law of competition, forces his competitors to adopt the new method" (p. 436)
- if they do this their costs will fall, output will rise, prices will fall and the temporary advantage of the original innovator will be wiped out
  - however, as a result of this process, overall V has fallen so S/V has risen for the capitalists as a class and more *relative surplus value* has been realized collectively

### **Productivity and the Working Day**

Marx is careful to note that although rising productivity makes it possible for the amount of work by all workers to be reduced —because what they need can now be produced with less work— this "is by no means what is aimed at in capitalist production" (p.438).

Instead, the only reduction in work is experienced by those workers displaced by machinery and unable to find other work (and thus to earn their bread).

### **Clever Commentary**

Marx lays out his theory of relative surplus value *after* his exposition of absolute surplus value. Although he does not spell it out in this chapter, as he will in Chapter 15 and in the appendix, the distinction between "absolute" and "relative" surplus value is historical as well as analytical. (See commentary on Chapter 15) The capitalist take-over of production is at first merely formal, that is to say, the capitalists take control of production methods as they find them historically. This Marx will call this the "formal subordination of labor to capital". It is only later, in part under the pressure of workers' struggles, that the capitalists begin to invest heavily in the technological changes which are at the heart of relative surplus value. The resultant changes in the organization of work Marx will call the "real subordination of labor to capital." The pressures which will drive this investment will be two fold: 1) workers' success in limiting and then reducing the length of the working day (already discussed in Chapter 10) —which, *ceteris paribus*, reduces S and S/V, and 2) workers' struggles at the point of production which force capitalists to reorganize in order to regain control. The dynamics of these conflicts will be dealt with in more detail in Chapter 15.

### **Relative Surplus Value as a Strategy**

In this chapter Marx speaks of relative surplus value as if it were an *object*, a certain amount of surplus labor time extracted by capitalists. However, it is called "relative" surplus value because of the way in which it is extracted: by raising productivity and lowering the value of the means of subsistence. Therefore, we should recognize that not only does relative surplus value refer to the *process* of raising productivity, but also that it constitutes a *strategy* of capital in dealing with the working class. As a strategy, relative surplus value is considerably more subtle than absolute surplus value.

In *absolute* surplus value, as we have seen, workers are forced to work longer hours, hours which rebound to the profit of the capitalist not to that of the worker whose wage (or value of labor power) we have assumed constant. In *relative* surplus value, some workers suffer from the introduction of machinery by losing their jobs —increasing unemployment (driving workers from the active into the reserve army of labor, discussed in Chapter 25). But for those who remain the costs are not immediately obvious —unless

perhaps the reorganization of the factory is carried out in a way blatantly designed to undermine workers' self-organization. On the contrary, the increased productivity which lowers costs can not only raise profits but can even be used by the capitalist to meet workers' demands for higher wages. Marx doesn't discuss this possibility in the chapter but it is implicit in the analysis.

This is clear if we take a simple (though overdrawn) case of a generalized doubling of productivity. In Marx's exposition the capitalists always get the full benefit in the form of a halving of  $V$  and the consequent increase in  $S$ . However, it is also possible for the capitalist to increase in real wages somewhat and still earn larger profits. Suppose, for example, that in time period 1 total output given a fixed working day = 100 and this was evenly divided in real terms and in value terms between the classes such that  $V = 50$  and  $S = 50$ . Now suppose that in the next period 2, productivity is doubled such that total output = 200. Under the circumstances the per unit value of output would be halved and the working class could retain the same real income if  $V$  fell to 25 while the capitalists arrogated 3/4ths of the value to themselves with  $S = 75$ . This is the kind of example Marx gives. But, suppose the workers fought for a real wage increase of, say 50%. With the rise in productivity, the capitalists could grant such an increase, in which  $V$  would rise from 25 to 37.5, but surplus value would still rise from 50 to 62.5! Not only would their absolute level of profit increase, but so too would the rate of exploitation (rising from 50/50 to 62.5/37.5). Herein lies the subtlety: relative surplus value makes it possible for the capitalists to grant an improvement in living conditions to the workers while at the same time retaining and augmenting their own power (measured in terms of value —and thus workers— commanded). This possibility provides the capitalists with a new tool for dealing with the working class: not only can new technology be used against them, but those who retain their jobs can be persuaded to cooperate with such change by being paid higher wages.

The flip side, of course, is that workers come not only to recognize how technological changes which raise productivity lower costs and raise profits, but to demand an equal share in the results. Eventually, long after Marx wrote, workers would achieve the power to impose "productivity deals" on business wherein the fruits of productivity increases would be shared equally between business and labor, i.e., both real wages and real profits would rise while the rate of exploitation remained the same. Such deals would be written into industrial union contracts and be supported by state measures in the so-called Keynesian Era.

### **Rising Productivity and Less Work**

During the Keynesian era, the subtlety of relative surplus value changed: capitalists would insist that workers take the benefits from rising productivity uniquely in the form of increased wages and money benefits but would not even discuss taking the benefits in the form of less work. Marx's comment that "the shortening of the working day, therefore, is by no means what is aimed at in capitalist production" would continue to be the case right down to the present.

Nevertheless, beginning in the late 1960s, after three decades of rising real wages, workers would begin to demand shorter working days once again. They would begin to discuss the possibilities of the 4-day or 36 hour week. It would take the Great Recession of 1974-75 and the Great Reagan Depression of 1981-83 to remove these demands from the workers' agenda. And, despite this, the issue would come bounding back in the late 1980s in France, in Germany and in other countries.

Given this history, it is important to recognize how Marx's analysis of relative surplus value makes clear the *technical* possibility of converting rising productivity into less work as well as more income. In the case given above, of a doubling of productivity, there are many possible outcomes. Marx's example used to illustrate the idea of relative surplus value resulted in a shift in value distribution from 50/50 to 25/75 —he holds the working day fixed to concentrate on a new dynamic. But suppose we do not suppose the working day to be fixed. Clearly, a doubling of productivity, *technically speaking*, could be translated into 1. doubled output (which could be shared between the classes according to some deal or another) with the same working hours, 2. the same output with only half as much work, or 3. some positive increase (but less than doubling) of output produced together with less work, e.g., a 50% increase in output with 25% less work. Such are the technical possibilities. The *political* possibilities are determined by the dynamics of the class struggle. In Marx's time, the capitalists had the power to avoid workers taking the

fruits of productivity growth in the form of less work (except in so far as they forced reductions through acts of Parliament as in Chapter 10). Today workers are fighting to do just that: raise their wages *and* reduce their work in exchange for cooperating with productivity raising technological change. The capitalists, of course, continue to resist because reduced work time raises their costs and undercuts the very basis of their kind of social order—one built around the endless subordination of life to work.

### **Competition**

The pressure of competition —i.e., the threat of losing market share to another capitalist who can sell cheaper— plays an explicit role in Marx's account of the circulation and diffusion of technological change. Once one capitalist introduces new productivity raising, cost cutting methods, others are under pressure to follow suit. This understanding was by no means unique to Marx but was shared by capitalists as well as many political economists and social observers of the period of the industrial revolution.

One literary articulation of this view from the 19th Century can be found in Charlotte Brontë's 1849 novel *Shirley* which deals with the period of the Luddites (circa 1810-1812) in which workers organized themselves to break machines whose introduction was depriving them of employment and income.<sup>1</sup> In the scene from which the following excerpt comes, a group of angry workers are confronting the capitalist textile mill owner Mr. Moore and demanding that he stop, or at least slow, the introduction of new labor-displacing machinery. Their protest comes in the midst of a depression caused by the Napoleonic Wars which cut off English exports from the Continent and caused much unemployment among mill workers. Moore responds that he cannot slow down the introduction of new technology without being swept away by other capitalists who would refuse to do the same. The opening speaker is a worker William Farren who speaks with a strong Yorkshire accent.

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<sup>1</sup> The period of machine breaking was much longer than the period of the "Luddite Movement". Instances of machine breaking began in the 18th Century and would continue into the 1930s. See Marx discussion in Chapter 15 and Charles Poulsen, *The English Rebels*, London: Journeyman, 1984, Chapter XIII, "The Reign of King Ludd", pp. 140-146.

'It's out o' no ill-will that I'm here, for my part; it's just to mak' a effort to get things straightened, for they're sorely crooked. Ye see we're ill off, —varry ill off: wer families is poor and pined. We're thrown out o' work wi' these frames [new machines]: we can get nought to do: we can earn nought. What is to be done? Mun we say, wisht! and lig us down and dee? Nay: I've no grand words at my tongue's end, Mr Moore, but I feel that it would be a low principle for a reasonable man to starve to death like a dumb cratur': — I will n't no 't. I'm not for shedding blood: I'd neither kill a man nor hurt a man; and I'm not for pulling down mills and breaking machines: for, as ye say, that way o' going on 'll niver stop invention; but I'll talk, — I'll mak' as big a din as ever I can. Invention may be all right, but I know it isn't right for poor folks to starve. Them that governs mun find a way to help us: they mun mak' fresh orderations. Ye'll say that's hard to do: — so mich the louder mun we shout out then, for so much slacker will t' Parliament-men be to set on to a tough job.'

'Worry the Parliament-men as much as you please,' said Moore; 'but to worry the mill-owners is absurd; and I, for one, won't stand it.'

'Ye're a raight hard 'un!' returned the workman. 'Will n't ye gie us a bit o' time? — Will n't ye consent to mak' your changes rather more slowly?'

'Am I the whole body of clothiers in Yorkshire? Answer me that!'

'Ye're yourseln.'

'And only myself; and if I stopped by the way an instant, while others are rushing on, I should be trodden down. If I did as you wish me to do, I should bebankrupt in a month: and would my bankruptcy put bread into your hungry children's mouths? William Farren, neither to your dictation, nor to that of any other, will I submit. Talk to me no more about machinery; I will have my own way. I shall get new frames in to-morrow: — If you broke these, I would still get more. I'll never give in.'

(Charlotte Brontë, *Shirley, A Tale*, New York: Penguin Classics, 1985.)

Moore's admonition to the workers to take up their problems with Parliament but to leave him alone, is consistent with his own complaints against the war with Napoleon, which through Napoleon's Continental system and the English Orders in Council, cut off British exports and his markets. He understands the government's role in contributing to current economic distress. On the other hand, even though Moore will eventually become somewhat more sympathetic to the plight of the workers, and do something for William Farren and has family, nowhere in the novel, as generally was true in the time period, does he become an advocate for either government regulation of technological change or for government intervention to help the poor cope with it. On the contrary, Moore will use the government, its troops and judiciary to pursue, prosecute and punish (through transportation to Australia) those workers who attacked destroyed his machines and attacked his mill —exactly the punishment which was metted out by his real-life counterparts.

Within the argument of Moore we can discover the class basis of competition. Moore is confronted by his workers. So too, we can suppose, are all his "competitors" among the Yorkshire clothiers (as well as others outside the region). Those best able to command their workers will win the competitive battle, those less able will lose. In the novel, as in real history, there are other capitalists who are beaten down by their workers; that is to say, their mills are burned and their machinery destroyed. Moore plays tough, introduces cost reducing machinery and succeeds in defending his mill against a Luddite attack. When the trade blockades are later lifted he is in a position to sell his accumulated stocks, expand production using the new technology and sell at a competitive price. Those capitalists who failed to introduce the new machinery due to the resistance of their workers, or whose mills were damaged or destroyed, would obviously be at a competitive disadvantage, if they could function as capitalists at all. In short, "competition" among capitalists can be seen not merely as a dog-eat-dog game played without

reference to the working class, but rather as a sort of social darwinistic process through which the power of capital over the working class is maximized. Where workers are so strong as to impede accumulation, their bosses go under and the workers thrown out of work and into unemployment and subsequently at the mercy of other, stronger, capitalists.

This class analysis of "capitalist" competition allows us to avoid the widespread practice of interpreting it as a process which goes on independently of the self-activity of workers who are therefore seen as only suffering the consequences of a process beyond their ken. When Marx says on p. 433 that we can only understand how the "immanent laws of capitalist production manifest themselves in the external movement of individual capitals" and "assert themselves as the coercive laws of competition" by grasping "the inner nature of capital", we must recognize that "inner nature" as class struggle and interpret competition accordingly. Competition is the dynamics of a particular organization of the class conflict wherein the management of capitalist domination is allocated to diverse capitalists whose relative skill in managing (controlling) their workers will determine their success. The competitive struggle, therefore, although it appears in the consciousness of many capitalists (and of many Marxists) to be something that goes on only among capitalists, it concerns the organization of the "competition" between capital and labor. The competition between classes underlies and determines the competition among capitalists.

### Concepts For Review

value of labor power	stunted reproduction
wage less than value of lp	competition
productivity of labor	relative surplus value
motives of individual capital	sum of reductions
transfer of value	diffusion of technological change
productivity and work time	real subsumption of labor to capital
revolutionizing production	formal subsumption of labor to capital

### Questions for Review

1. What is the effect on the reproduction of labor power if the wage is reduced to less than the value of labor power? What concrete effects might this involve today? Why does Marx exclude this case from consideration in this chapter?
2. How does Marx define the productivity of labor? How does its increase cause a decrease in the per unit value of products?
3. Increases in the productivity of labor producing which goods cause a fall in the value of labor power? Directly? Indirectly?
4. What are the motives for the individual capitalist to introduce technological change that increases productivity?
5. How can an increase in productivity for individual capitals result in a transfer of surplus value to them from other capitalists? When does this transfer stop?
6. Why don't increases in productivity, which decrease the work time necessary to produce goods, result in decreases in the working day for workers?
7. Suppose productivity increased 10% in the aggregate production of goods. What are the different choices that are technically possible for enjoying the fruits of this increase in terms of more goods and less

work? How would you want to distribute the benefits? Why do you think we are never asked to vote on this issue?

8. Deconstruct the concept and dynamics of "competition" in class terms. That is to say discuss the relationships among capitalists in terms of the relationships between classes. In your answer consider the usual neoclassical cases of competition through price and through product differentiation.