

***THE DEFINITIVE DISCOVERY  
OF THE CATEGORY OF SURPLUS VALUE***

(*Grundrisse*, pp. 321,10-358, 37; pp. 227, 18-264, 27)<sup>1</sup>

(*Notebook III*, from folio 21 to folio 40 of Marx's manuscript, in December of 1857)

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“The surplus value (*Mehrwert*) which capital has at the end of the production process –a surplus value which, as a higher price of the product, is realized only in circulation, but, like all prices, is realized in it by already being ideally presupposed to it, determined before they enter into it- signifies, expressed in accord with the general concept of exchange value that the labour time objectified in the product -or amount of labour (expressed passively, the magnitude of labour appears as an amount of space; but expressed in motion, it is measurable only in time)- is greater than that which was present in the original components of capital. This in turn is possible only if the labour objectified in the price of labour is smaller than the living labour purchased with it” (321, 10-22; 227,18-30).

This is how the most critically important pages begin in *all of* Marx's life, and in all of the *Grundrisse*. In these lines we can already observe the difficulties implied by a reflection regarding the issue that concerns us here. This difficulty will always signify a problem in the “order of categories” in Marx's own processes of research and exposition. His marked tendency was always to prefer a path ranging from the simplest level to the most complex, from the deepest to the most superficial, from the abstract to the concrete. But the issue of surplus value simultaneously demands recourse both to simple and complex categories or questions connected respectively to the deepest levels of processes of production, and to more superficial matters as to processes of circulation. In the cited text Marx speaks of the culmination or end of the “process of production” (at the deep, non-visible level), but immediately he goes on to write about the “price” of the product (at the superficial level in the context of processes of circulation). It is well-known that all of the “prices” associated with circulation, are “budgeted” (or defined) *previously*, in the context of production, in the duration of labor, which is greater than that of the original components of capital.

The text concludes at the level of buying and selling: of “living labor” (the deep level of production) and of the “price of labor” (wages) in the context of processes of circulation.

It is because of this, perhaps, that Marx in the end put his treatise on wages in Volume I of *Capital*, although he had actually originally assigned it an independent place as Theme III in his overall Outline for the work (placing it after the theme of capital itself and that of income from property, and before Theme IV regarding the State). Without addressing the issue of wages first (understood as the price of labor) the problem of surplus value cannot

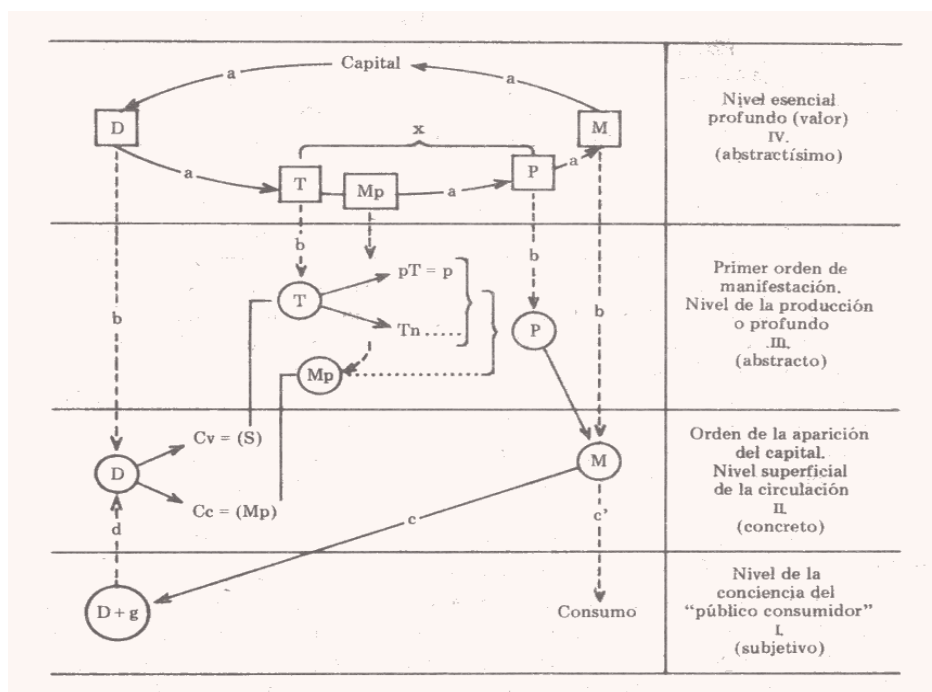
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<sup>1</sup> The pages cited initially are from the English language edition of the *Grundrisse*, Vintage Books, New York, 1973, English translation by Martín Nicolaus; those which follow are from the German edition of the *Grundrisse*, Dietz Verlag, Berlin, 1974. .

be grasped, which although it is “situated” at the level of production is only fully “realized” (because of its necessary *antecedent*: wages; and its *subsequent* development: the accumulation of greater value in the sale of the product) in the process of circulation.

### Diagram 1

*The invisibility of the depth from which surplus value emerges*



Nivel esencial profundo (valor) IV (abstractísimo): The deepest most essential level (the most abstract)

Primer orden de manifestación. Nivel de la producción o profundo. III (abstracto):

First order of manifestation. The level of production or next deepest level III (abstract).

Orden de la aparición del capital. Nivel superficial de la circulación. II (concreto):

Order where capitalism appears. Surface level of circulation. II (concrete).

Clarifications regarding Diagram 1:

Arrows labelled *a* refer to the processes of “determination” of capital in general.

Arrows labelled *b* refer to “manifestations” or “forms” which reflect the “appearance” of capital..

The arrow labelled *c* I refers to the consumption of merchandise. The arrow labelled *c* refers to the moment of purchase of merchandise.

The arrow labelled *d* refers to the moment when money is invested in money (greater profit).

*D*: determination of money; determinación dinero; *T*: labor; trabajo;

*P*: product; producto; *M*: merchandise; mercancía; *Cv*: “fund corresponding to labor”; “fondo de trabajo”; (*S*): Salary or wages; salario; *Cc*: constant capital; capital constante; (*Mp*): price of the means of production; precio de los medios de producción; *sL*: surplus labor; plus trabajo; *p*: surplus value; plusvalor; *nT*: necessary time; tiempo necesario; *x*: the essential moment in the process of capital when *surplus value* is produced; momento esencial en el proceso del capital en el que se produce el *plusvalor*.

## 1. SURPLUS LABOR LIES AT THE FOUNDATION OF SURPLUS VALUE/ (321,10-333,31; 227,18-239,18)

Marx intuitively grasps the problem of surplus value beginning with his *Manuscripts of Paris* in 1844, but it is much later when he begins to construct the categories for its explicit formulation. His formulation of the issue appears in *Notebook VIII* of his notes from April of 1851, where he comments upon Ricardo's work:

“In order for the value of profit to increase, there has to be a third whose value diminishes. When it is said that the capitalist spends 30 of those 100 on raw materials, 20 on machinery, 50 on salary, and then sells those 100 for 110, it is not taken into account that that if he had to disburse 60 for salary he would have obtained no profit at all, unless he had garnered another 8.2% in addition to the 110, etc. He thereby exchanges his product for another whose value is determined by the labor time invested in it. [...].[...] The surplus does not emerge from the process of circulation [FALTA PONER EN CURSIVAS] although it can only be fully realized in that context. . . The value of the wages is reduced in a manner directly proportionate to the increase in the productive forces of labor.” (77,10-23; 829,37-49).<sup>21</sup>

As is evident from this quote, we are at the point of transition from an “intuitive” understanding of the question of surplus value to a level of clearer “expression” of the categories involved. Nonetheless it is not until the *Grundrisse*, in the texts I will now proceed to discuss, before we find the *first elaboration* of the *category of “surplus value”* in *all (!) of Marx's theoretical trajectory* in “definitive” form, although there will be many advances along the way in the following decade.

In the first place, we must highlight the fact that at the inception of this process, the categorical distinction between absolute and relative surplus value (which is of particular significance given that that the concept of surplus value is applied first and principally to relative surplus value rather than to its absolute expression). Similarly the initial descriptions of key concepts regarding the theory of wages and regarding the diverse forms of capital (industrial, commercial, and long before that its constant and variable forms, etc.), which he was discovering “along the way”, do not attain the degree of clarity characteristic of his later treatment of them, for example in *Capital* itself. But let us go inside the laboratory of ideas where Marx constructed his categories, slowly, with all of their ebbs and flows.

Surplus value will arise as the fruit of the unequal exchange between capital and labor, by means of which the mere labor process as such (the process which produces capital) transforms capital into “capital that bears fruit”, and which reproduces itself in a process where value is multiplied and accumulated. All of this had been confused in

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<sup>2</sup> These are the notes which correspond to the chapter on profit in Ricardo's *Principles of Political Economy and Taxation*. Marx should have begun with the issue of profit and circulation (level II of Diagram I) in order to raise it to its deepest, most hidden, level behind the scenes: to that of the process of production (level III).

classical economics with “profit”. Marx must then *ascend* from this point of departure at the level of circulation (profit) to production (surplus labor) in order to create the theoretical conditions necessary to discover the *foundation* of surplus value in its correct essential situation:

“If living labour reproduced only the labour time objectified in the labour price, this also would be merely formal [... But] no matter that for the worker the exchange between capital and labour, whose result is the price of labour, is a simple exchange. He has to obtain more value than he gives. Looked at from the capitalists’ side, the exchange must be only *apparent* (*scheinbarer*); i.e. must belong to an economic category other than exchange.” (321, 39-322,15; 227,40-228,19).

What is at issue, precisely, is that “other [kind of] formal economic determination” (which Marx describes as that of *surplus value*). In ideological terms capitalist economies “take refuge in this simple process in order to construct a legitimation (*rechtfertigen*), an apology for capital by explaining it with the aid of the very process which makes its existence impossible” (322,19-22; 228,24-26), in yet another example of how scientific disciplines like economics, like all such disciplines, can be contaminated by ideology, although critical scientific knowledge articulated with processes of liberation of the oppressed tend to be less ideological, at least in structural terms, although they may end up being equally so in practice. In effect they assert that the worker receives a just wage equivalent to the *total* price of all of their labor. If this were so, replies Marx, where does increased value come from? If the classical economists were correct, capital would be impossible. But if the classical economist were to explain that capital does not pay the worker the equivalent of the totality of his or her objectified labor, then the economist would be *unveiling* the ethical perversity of capitalism, thereby producing a critical contradiction between capitalist theory and practice. The capitalist economist is left with no alternative but to become an apologist for the system, which implies the concealment of reality. Marx, who has opted not to articulate his *praxis* with the interests of capital, therefore possesses an intelligence which is freer and characterized by greater certainty :

“Surplus value in general is value in excess of the equivalent. The equivalent, by definition, is only the identity of value with itself. Hence surplus value can never sprout out of the equivalent; nor can it do so originally out of circulation; it has to arise from the production process of capital itself” (324,30-34; 230,36-38).

That which is equal (*tó íson* for Aristotle) denotes what is justice, equality, or of identical value in this framework or relationship, with each term in this exchange being held equal. Capital does not give the same of itself in *praxis*, although it “appears” to deliver the same in the face of *consciousness*. In the context of “reality”, in fact, it renders less and it is instead in its phenomenological “appearance” that that which is just and equal appears. All of capitalism’s power with respect to other modes of production of wealth is evidenced in its characteristic ideological duplicity, as reflected in its presentation of the relationship between labor and capital at the superficial level of circulation as one of *equal* exchange, when the reality is that at the deep level of production as a social process it coerces and violently compels the worker to establish an exchange which is in fact wholly *unequal*. The category of surplus value must be constructed explicitly and clearly in order to express (and

explain, since it is a category explained by others that are more fundamental, and which is explanatory of others that are more superficial- such as profit) the “apparent” equality of an inequality. It is in this context that the text cited at the beginning of this chapter should be understood.

In this text Marx explores the question of surplus value in all of its depth and complexity. “Surplus value” as a category is a formal economic determination, which is to say that it is not situated at the first material level of the productive process except to the extent that it has been subsumed by capital and determined by it, with the basis for it laid from that foundation. It is not a material determination (as objectified labor) but one which instead which is formal in character (or formal in economic terms, such as for example matters related to prices). It is, additionally, a very complex category, since it includes many other more simple, abstract, or fundamental categories, such as “currency”, “commodities”, and “labor” as determinations of capital, but also others such as “necessary labor” which he had to constitute as the basis upon which the concept of “surplus value” could be elaborated.

But let us return to Marx’ texts themselves:

“If the worker needs only half a working day in order to live a whole day, then, in order to keep alive as a worker, he needs to work only half a day. The second half of the labour day is forced labour; surplus-labour (*surplus-Arbeit*). What appears as surplus value on capital’s side appears identically on the worker’s side as surplus labour (*Mehrarbeit*) in excess of his requirements as worker, hence in excess of his immediate requirements for keeping himself alive.” (324,34-325, 1; 230,41-231,4).

For Marx, then, the worker “as capital” is not the same as the worker “as a human being”. In the first case his life consists solely in being utilized as a force of production but in the second additional dimensions regarding the fulfilment of cultural and spiritual needs must be contemplated. Here we already have the seeds of the concept of “necessary labor”. The more interesting question is how capitalism has accomplished the worker’s submission to “forced labor” without the worker being conscious of this coercion. The key is that capital is able to conceal the relationship of domination at its core under the cloak of “wage labor”:

“As far as they are concerned, capital does not exist as capital, because autonomous wealth as such can exist only either on the basis of direct forced labour, slavery, or indirect forced labour, wage labour. Wealth confronts direct forced labour not as capital, but rather as relation of domination (*Herrschaftsverhaeltnis*)” (326,8-13; 232,13-18).

The “surplus value” which the worker provides for capital- at level III, the deepest- is perceived instead as a just contract of equal exchange, corresponding instead to level II. Capital conceals the unpaid surplus labor within the system of wages. This is where “the creation (*Entstehung*) of value” (326,19; 232,25) takes place in the form of surplus value. Neither Ricardo (326, 20ff.; 232,26ff.) nor the Physiocrats (326, 18ff.; 326,17ff.), nor Adam Smith (329,1ff.; 234,33ff.) succeeded in grasping this.

It is only a concept of capital as a *process* that enables the “appearance” of capital both in the context of circulation and in that of production, and its “fulfillment” ultimately again in circulation, and, in this manner, the inclusion of the process of production within it.:

“Where it is posited as middle link” (332,7-8; 237,37-38). “Capital is direct unity of production and money or, better, of production and circulation. Thus it itself is again something immediate, and its development consists of positing and suspending itself as the unity” (332,40-333,3).

And because this is so, capital conceals its own process of self-generation from the worker, and produces surplus labor in an unequal exchange, as if it were equal. It is this surplus labor which once it is *objectified* becomes transformed into surplus value. Subjectively, in the worker, surplus labor is the *creator* of surplus value, as an objective moment of capital as capital. How does manage to place such surplus labor at its disposition?

## **2. SURPLUS LABOR AND SURPLUS VALUE AS A CIVILIZATIONAL PROCESS (333,32-340,24; 239,23-247,14)**

Marx begins his treatment of the subject in terms of the fundamental characteristics of the question of surplus value, which he will refer to later in *Capital* as that of “relative” surplus value, prior to that of “absolute” surplus value. And this can be easily understood if the discussion above serves as a point of departure. The surplus value which most easily reveals the consciousness (both of the worker and of the capitalist) is that which has been “placed” by capital itself (as a mechanism akin, for example, to that of “constant capital”) and not by the mere absolute increase of the time invested in labor (absolute surplus value), which is more easily grasped by consciousness as a “relationship of domination” in its purest and simplest form. This is why Marx begins with the most developed extent of the emergence of surplus value, in order to proceed thereafter to the exploration of its most primitive level of development (as a category and as a historical phenomenon).

Capital needs more surplus labor in order to increase its own value:

“The great historic quality of capital is to create this surplus labour, superfluous labour from the standpoint of mere use value, mere subsistence; and its historic destiny is fulfilled as soon as [...] when the development of the productive powers (*Produktivkräfte*) of labour, which capital incessantly whips onward with its unlimited mania for wealth [...] Capital’s ceaseless striving towards the general form of wealth drives labour beyond the limits of its natural needs, and thus creates the material elements for the development of the rich individuality which is as all-sided in its production as in its consumption [...] in which natural necessity in its direct form has disappeared; because a historically created need has taken the place of the natural one. This why capital is productive [...] It ceases to exist as such only where the development of these productive forces themselves encounters its barrier in capital itself (325,1-32; 231,4-40). “Hence the great civilising influence of capital” (407,37-38; 313,21-22).<sup>3</sup>

<sup>3</sup> Read all of this text from p. 409, 21 a 410,15 (313,10-38): “Thus, just as production founded on capital creates universal industriousness on one side [...], so does it create on the other side a system of general exploitation of the natural and human qualities, a system of general utility, utilising science itself just as much

Progress and civilization in general thus both imply the transcendence of established needs. It is clear that capital has transcended the established bounds not in service to humanity but instead in service to the increase in the value of capital itself. Capital's drive is expressed in its "[...]constant movement to create more of the same {surplusvalue}. The quantitative boundary of the surplus value appears to it as a mere natural barrier, as a necessity which it constantly tries to violate and beyond which it constantly seeks to go" (334,35-335,2; 240,21-22). Its bounds are only encountered as a result of its own propulsion, when capital finds "its barrier in capital itself"– but this is a question which I will address at the end of this commentary. To go beyond these limits is to increase production:

"The increase in the productive force of living labour increases the value of capital (or diminishes the value of the worker) not because it increases the quantity of products or use values creates by the same labour [...], but rather because it diminishes *necessary labour* (*notwendigen Arbeit*), hence, in the same relation as it diminishes the former, it creates *surplus labour*, or [...] surplus value" (339,9-15; 244,33-245,4).

"*Necessary labor*" is that which enables the worker to consume, through the mediation of the money received as the price of the worker's living objectified labor (their wages), in order to subsist "as a worker" (as a mere productive force and not as "as a human being"). In this manner everything in the shadow of capital is directed towards the reduction of "the relation of necessary labour to surplus labour, and only in the proportion in which it diminishes this relation. Surplus value is exactly equal to surplus labour; the increase of the one [is] exactly measured by the diminution of necessary labour" (339,20-25; 245,11-15).

But it should not be forgotten that "the less time the society requires to produce wheat, cattle, etc., the more time it wins for other production, material and spiritual [...] Economy of time: to this all economy ultimately reduces itself" (172, 38-173,2; 89,27-33). If this might be true when human beings produce collectively for their own benefit as a community, to the extent that the savings of *necessary time* is based in capital, that savings consisting of living labor is not *for the benefit of humanity* but is instead at the service of the desired increase in the value of capital itself. In any case, what drew Marx's attention– and this is the distant origin of a foreseeable crisis in capitalist development– is that there is an inverse proportion between the savings of *necessary time* and the increase in the value of capital. Even if productivity is doubled the value of capital increases only by half:

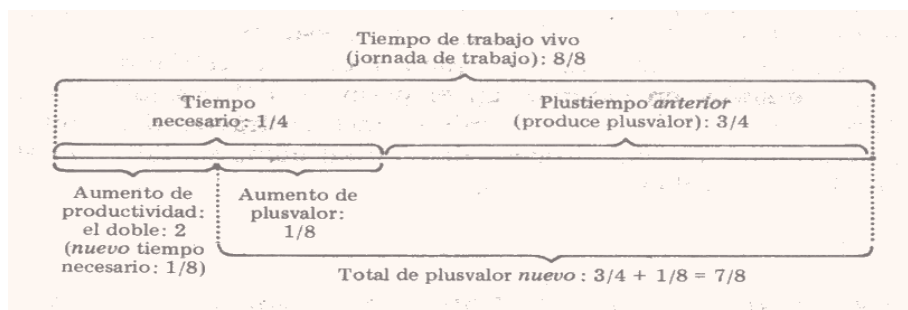
"If necessary labour =  $\frac{1}{4}$  of the living work day and the productive force doubles, then the value of capital does not double, but grows by  $\frac{1}{8}$ ; which is equal to  $\frac{1}{4}$  or  $\frac{2}{8}$  [...] –  $\frac{1}{4}$  divided by 2, or =  $\frac{2}{8}$  minus  $\frac{1}{8}$  =  $\frac{1}{8}$ " (339,30-34; 245, 22-27).

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as all the physical and mental qualities (*geistigen*), while there appears nothing higher in itself, nothing legitimate for itself, outside (*ausser*) this circle of social production and exchange. Thus the capital creates the bourgeois society [...] It is destructive towards all of this [all traditional, confined, complacent, encrusted satisfaction of present needs], and constantly revolutionizes it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs [...] of natural and spiritual forces (*Geisteskräfte*)".

## Diagram 2

### Inverse increase in productivity and the rate of surplus value



Tiempo de trabajo vivo: time expended in living labor (the work-day);

Tiempo necesario: Necessary time

Plust tiempo anterior: Previous surplus labor time

Aumento de productividad: Increase in productivity: 2x: 2

(Nuevo tiempo necesario: 1/8; new time necessary: 1/8)

Aumento de plusvalor: 1/8; Increase in surplus value: 1/8

Total increase in new surplus value:  $\frac{3}{4}$  plus  $\frac{1}{8} = \frac{7}{8}$

In this example productivity doubled (an increase of 100%), while surplus value increased from  $\frac{3}{4}$  of the work-day (75%) to  $\frac{7}{8}$  of that work-day (87.5%). Surplus value only increased 12.5% vs. A 100% increase in productivity. This leads us to another conclusion:

“The larger the surplus value of capital before the increase of productive force, the larger the amount of presupposed surplus labour or surplus value of capital; or, the smaller the fractional part of the working day which forms the equivalent of the worker, which expresses necessary labour, the smaller is the increase in surplus value which capital obtains from the increase of productive force” (340,21-27; 246,9-15).

This will be essential to understand the *questions posed by the theory of dependency*, when capitals compete against each other with varying levels of *previous* inclusion of surplus value, because “the more developed capital already is, the more surplus labour it has created, more terribly must it develop the productive form in order to realize itself in only smaller proportion” (340,28-31; 246,17-19). The “civilizing” impulse of capital, or its desperate need to generate an increase in its own value by surpassing new limits that are constantly at higher levels that are more distant and more difficult; this is the product of the tendency that Marx defines as follows:

“The self-valorization of capital becomes more difficult to the extent that it has already been valorized” (340,38-40; 246,28-29).

In any case this analysis is an abstraction, to the extent that it assumes the methodical elimination of many variables. The inclusion of many other concrete variables will modify the conclusions, but this “actually already belongs in the doctrine of profit”



(341,13-14; 247,3), which is situated at the most complex and superficial level of circulation )levels I and II of Diagram 1). As we can observe, for Marx the question of surplus value is situated, instead, in the transition from “labor” (*L*) to the “product” (*P*), as abstract determinations of capital (this is the moment in the process of capital encompassed by parenthesis *x* in Diagram 1).

### 3. INCREASE IN VALUE. RELATIVE AND ABSOLUTE SURPLUS VALUE. (341,25-353,34; 247,16-259,21)

As I have already suggested, Marx is principally interested in the most hidden mode of surplus value, relative surplus value, but for now under the form of visible surplus labor:

“If capital has already raised surplus labour to the point where the entire living work day is consumed in the production process (and we here assume the working day to be the natural amount of labour time which the worker is able to put at the disposal of capital [...]), then an increase in the productive force cannot increase labour time, nor, therefore, objectified labour time ” (342,13-21; 248,9-16).

If the worker labors for 16 hours he or she reaches the limits of his or her endurance and may become ill or die. It is not possible to further increase the natural or absolute limits of surplus labor; but instead, by means of technical increases in productivity it is possible to achieve higher levels of production in the same period (which makes it possible to reduce the labor which is necessary):

“[In this case] its value increased not because the absolute but because the relative amount of labour grew, i.e. the total amount of labour did not grow; the working day is as long before as after; hence no absolute increase in surplus time (surplus labour time); rather the amount of necessary labour decreased, and that is how relative surplus labour increased” (342,24-30; 248,22-29).

In the foregoing example (esquema 2) the worker has always labored the whole day (8/8), with a certain quota of *surplus* time (*Surpluszeit*) (3/4 of the work-day) previously accumulated; once productivity has been doubled surplus time increases (7/8) and the necessary labor time decreases (de 1/4 a 1/8). The decrease in necessary labor time is equal to the decrease in real wages, since the worker will be paid the same for a job that produces more. Here lies the secret and the basis for profit in the context of processes of circulation (which will be addressed in detail later in his work). In any case, Marx is perceiving the whole matter with greater clarity than before, as evidenced by his observation that “according to Ricardo, the element of the accumulation of capitals is posited just as completely with relative surplus labour as with absolute –impossible any other” (345,32-34; 251,27-30).

There is then a period of surplus time during which surplus labor is carried out which in objectified form is transformed into surplus value. This surplus value is *absolute* when natural labor time is added to it (if the worker “had worked 10 hours instead of 8 in the earlier relation, had increased his absolute labour time”; 345, 9-10; 251,1-3). It is *relative* when it implies a proportionate relationship between the increase in productivity, the decrease in necessary labor time, and thus an *absolute increase* in surplus value

(although it involves a *decrease in the rate* or index of surplus value, as Marx has already begun to discover). Because of this once an increase in value has been obtained it is more difficult each time to achieve it, as I have said, because capital must apply itself to the task of increasing surplus value with improvements that are too costly:

“ Every increase in the mass of capital employed can increase the productive force not only at an arithmetical but at a geometrical rate; although it can increase profit at the same time [...] only at a much lower rate. The influence of the increase of capital on the increase of productive force is thus infinitely greater than that of the increase of the productive force on the growth of capital” (346,39-347,6; 252,32-39).

Despite this capital manages to find a way to increase its value, not only through relative increases due to greater productivity, but also through absolute increases derived from greater amounts of labor time. There are also other means of increase:

“[Is] in motion: [it] can realize itself only in new living labour (whether labour which had been dormant is set into motion), or new workers are created (population [growth] is accelerated) or again a new circle of exchange values, of exchange values in circulation, is expanded, which can occur on the production side if the liberated exchange value opens up a new branch of production [...] or the same is achieved when objectified labour is put in the sphere of circulation in a new country, by an expansion of trade” (348,10-20; 254,2-13).

Note how Marx relates the increase in urban populations and the inclusion of populations in colonial possessions as possible modes of increase in capital, as part of the same overall question of absolute surplus labor. In fact Ricardo himself never connects increases in population as factors relevant to increases to values of exchange. All of this in turn traces the outline of a circle of determinations:

“Capitals accumulate faster than the population; thus wages rise; thus population; thus grain prices; thus difficulty of production and hence the [difficulty in the increase of exchange” (351,33-36; 257,23-26).

With increases in population, in the medium term, salaries fall because of the excess supply of living labor. In the end Marx is in search of paths towards a solution, gets side-tracked along the way in certain discourses, at times going in circles, turning back upon his path, returning, starting over, repeating himself. Slowly he advances, as we follow his footsteps.

#### **4. PERMANENCE OF THE VALUE OF THE MATERIAL AND INSTRUMENT OF LABOR (354,1-358,37; 259;27-264,15 )**

Up until this point Marx’s discourse has relied upon two opposing categories:

“We have always spoken only about the two elements of capital, the two parts of the living work day, of which one represents wages, the other profit [*sic*]; one, necessary labour, the other, surplus labour” (354,6-9; 259,27-30).

As can be observed- where I have noted a *sic*- Marx equates profit (situated at the superficial level of circulation) with surplus value. This will be the subject of reflection by him in the next chapter. What is clear thus far (see Diagram 1) is that Marx has worked with concepts such as wages ( $W$ ) and “profits” (surplus value), together with necessary labor ( $Nl$ ) and surplus labor ( $sL$ ). What are missing are the “means of production” ( $Mp$ ):

“But what about the other two parts of capital, which are realized in the material of labour and the instrument of labour?” (354,10-12; 259,30-32).

This is the beginning of the elaboration of the critical concept of “constant capital”—which will appear shortly thereafter for the *first time*; but its full extent is not yet clear. Marx will hover around I initially until he gets his bearings and comes to its conceptual core. In the “simple production process” (354,13; 259,32) labor always employs instruments and materials necessary for its deployment. This is the material of labor (raw materials) “as material” and the instrument (from machines to an entire factory) “as instrument”, as use values. But once again the subsumption of the material-instrument will be produced as a moment of capital. The autonomous entity is ontologically subsumed by capital:

“But are they, as components (*als Bestandteile*) of capital, value which labour must replace? Thus in the above example (and such objections were heaped on Ricardo; that he regarded profit and wages only as components of production costs, not the machine and the material)” (354,16-19; 259,37-41).

For Marx, as is evident, the material and the instruments are a moment of capital, given that money ( $M$ ) has been invested or trans-substantiated in them. (See Diagram 1, in the sequence from  $D$  to  $Cc = (Mp)$ : money that as constant capital is invested in the means of production.

As essential “determinations” of capital, the raw material or material and instrument of technology are now moments of capital itself (at level IV of Diagram 1), between labor ( $L$ ) and the product ( $P$ ). “As capital” both are *value* (products as products, and as exchangeable commodities: whose ability to be exchanged is their essence, and whose exchange must be produced). The question now is to determine whether this value is destroyed (with a resultant annihilation of value, and thus of capital) or whether it can persist in a transformed state. Furthermore it not only *persists* in a “constant” form (as capital whose value has been *conserved*) but in fact as a value susceptible to increase. When a mere thread is *transformed* (changes *form*) into a cloth, the value of the thread not only disappears but has been subsumed into a state superior to that of thread, thereby increasing its value. There is *new* value without the destruction of *old* value, and this is accomplished by the worker’s labor without any cost being incurred by the capitalist:

“The worker has not created the objectified labor contained in the thread...for the worker it was and continues being a material to which [he or she] gave another form and to which [he or she] incorporated *new* labor. The *old* value of this same material was maintained, which occurs because something *new* is added to it, not because the *old* value itself is reproduced. ” (300,20-301,22; 260,32-261,30).

As the worker transforms the object through his or her labor the material at their disposition increases in value, acquires *greater* value than before, but this is a value placed at the service of capital with no benefit for the worker:

“Like every other natural or social power of labour unless it is the product of previous labour, or of such previous labour as does not need to be repeated [...], the natural animating (*belebende*) power of labour [...] becomes a power of capital, not of labour” (358,2-9; 263,21-28).

We have seen how, in reality, Marx has explored the question of the raw material transformed by labor but not that of the instrument of labor itself- and this is why the concept of constant capital has not yet emerged.

At this point our scholar's labors into the evenings of London, as winter began to fasten its grip with its humid cold, led him towards a kind of synthesis of what he had achieved thus far, and he sums it up for us. Money, as money, has an autonomous entity at its origin. It provided the trappings for the first appearance of capital, as money transformed into capital, and then invested into wages and means of production (*D* of level II of Diagram 1). This is the *second* expression of money, but the first of capital itself. As capital money appears at the same time at the end of the process of production (*D + g* of level I), which at the end includes surplus value as profit (“money, in its third form, finds its most adequate expression”; 304,13-14; 264,5):

“Just as money at first appeared as the presupposition, the cause of capital, so it now appears as its effect. In the first movement, money arose out of simple circulation [flecha *d* del esquema 1]; in the second it arises from the production process of capital. In the first, it makes a transition to capital; in the second it appears as a presupposition of capital posited by capital itself” (358,30-36; 264,7-12).

With this conclusion Marx seeks to return to the point of departure of his discourse, which had begun with money. And in effect, in the end, the increase in value will be nothing but the increase in money as a result of the process, both of production and circulation: when the product transformed into a commodity has been sold and when the value injected at the beginning of this cycle plus the profit obtained along the way (including surplus value) are both present. But all of this will require many more pages to be filled in his *Notebooks*- the places where the objectification of Marx's theoretical work tended to be expressed- so that these concepts could be fully developed and thought through with sufficient clarity.

We can see then that in December of 1857 the construction of many key categories in Marx's thought had already taken on a definitive form, while others were still in the ambiguous state of mere “intuitions” that had not yet achieved sufficient conceptual force. His “critique of the entire system of categories of bourgeois political economy” had already taken some essential steps forward, but his overall task had barely been undertaken, with only a month that had passed since the moment of clarity *when he had first discovered the category of surplus value in his lifetime of theoretical work.*