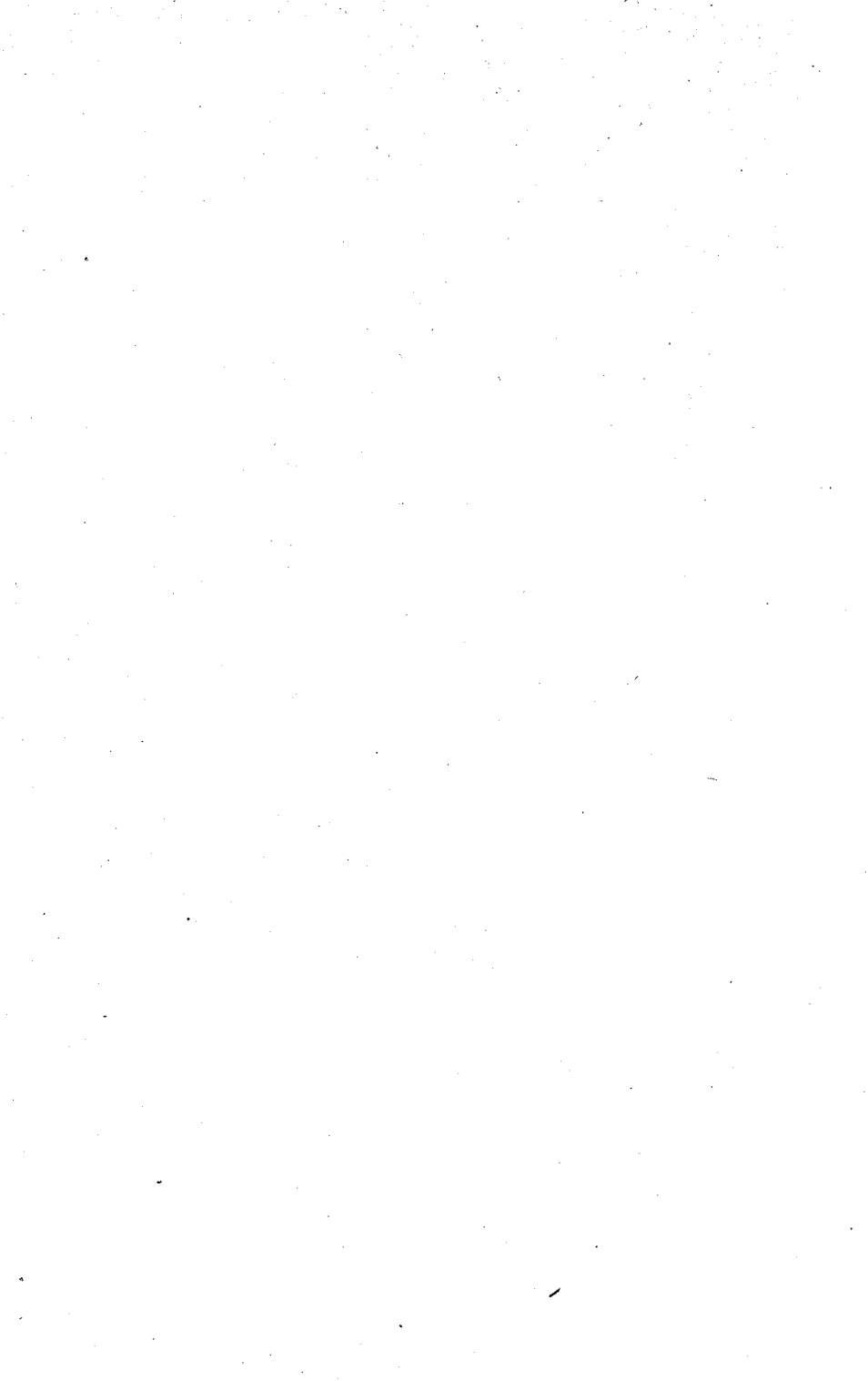


KARL MARX
CAPITAL



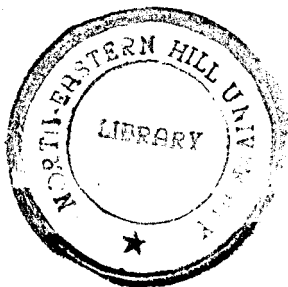
✓
Nandita Jatta Ray

16th May '67.





WORKERS OF ALL COUNTRIES, UNITED



KARL MARX



CAPITAL

A CRITIQUE OF POLITICAL
ECONOMY

Volume II

*Book II:
The Process
of Circulation of Capital*

Edited by F. Engels

*Nandita Jatta Ray,
16th May '67.*



PROGRESS PUBLISHERS

Moscow 1967

TRANSLATED FROM THE GERMAN

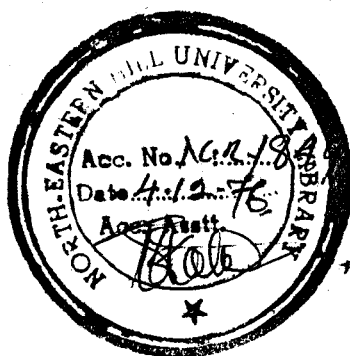
EDITED BY THE LATE I. LASKER

К. МАРКС

КАПИТАЛ

Том II

На английском языке



→ 1849

PC
330.122
MAR

First published 1956

Second printing 1957

Third printing 1962

Fourth printing 1967

Printed in the Union of Soviet Socialist Republics

PUBLISHERS' NOTE

The second volume of *Capital* was put in shape and finally edited by Frederick Engels after the death of Karl Marx. The first German edition of it appeared in 1885.

A second German edition, that of 1893, was likewise prepared by Engels.

The present English edition follows the German 1893 edition carefully checked with the manuscript edited by Engels and now preserved at the Institute of Marxism-Leninism under the C.C., C.P.S.U. The few misprints and inaccuracies in the text, in figures and bibliographical data discovered in the 1893 edition, have been corrected.

The book includes Engels's Prefaces to the first and second German editions of *Capital*, Volume II, and is provided with bibliographical, name, and subject indexes.

All quotations from English and American authors have been checked with the original sources.

An effort has been made to preserve in this volume the terminology elaborated in the Engels-authorized English translation of the first volume of *Capital*.

Extensive use has been made of the English translation of the second volume of *Capital* published by Charles H. Kerr & Co., Chicago, 1919.

All quotations from the English text of the first volume of *Capital* refer to the publication: Karl Marx, *Capital*, Volume I, Foreign Languages Publishing House, Moscow, 1954.

CONFIDENTIAL

The following information is being provided for your information only. It is not to be used for any other purpose without the express written consent of the Department of Defense.

This information is being provided to you for your information only. It is not to be used for any other purpose without the express written consent of the Department of Defense.

The information contained herein is classified "Confidential" and is being provided to you for your information only. It is not to be used for any other purpose without the express written consent of the Department of Defense.

This information is being provided to you for your information only. It is not to be used for any other purpose without the express written consent of the Department of Defense.

The information contained herein is classified "Confidential" and is being provided to you for your information only. It is not to be used for any other purpose without the express written consent of the Department of Defense.

This information is being provided to you for your information only. It is not to be used for any other purpose without the express written consent of the Department of Defense.

The information contained herein is classified "Confidential" and is being provided to you for your information only. It is not to be used for any other purpose without the express written consent of the Department of Defense.

CONTENTS

Page

Preface	1
-------------------	---

BOOK II

THE PROCESS OF CIRCULATION OF CAPITAL

PART I

THE METAMORPHOSES OF CAPITAL AND THEIR CIRCUITS

<i>CHAPTER I.</i> The Circuit of Money-Capital	25
I. First Stage. $M-C$	26
II. Second Stage. Function of Productive Capital	34
III. Third Stage. $C'-M'$	38
IV. The Circuit as a Whole	48
<i>CHAPTER II.</i> The Circuit of Productive Capital	65
I. Simple Reproduction	66
II. Accumulation and Reproduction on an Extended Scale	80
III. Accumulation of Money	84
IV. Reserve Fund	86
<i>CHAPTER III.</i> The Circuit of Commodity-Capital	89
<i>CHAPTER IV.</i> The Three Formulas of the Circuit	103
Natural, Money and Credit Economy	—
The Meeting of Demand and Supply	—
<i>CHAPTER V.</i> The Time of Circulation	124
<i>CHAPTER VI.</i> The Costs of Circulation	132
I. Genuine Costs of Circulation	132
1. The Time of Purchase and Sale	132

2. Book-Keeping	136
3. Money	138
II. Costs of Storage	139
1. Formation of Supply in General	140
2. The Commodity-Supply Proper	146
III. Costs of Transportation	152

P A R T I I

THE TURNOVER OF CAPITAL

<i>CHAPTER VII.</i> The Turnover Time and the Number of Turnovers	156
<i>CHAPTER VIII.</i> Fixed Capital and Circulating Capital	160
I. Distinctions of Form.	160
II. Components, Replacement, Repair, and Accumulation of Fixed Capital	172
<i>CHAPTER IX.</i> The Aggregate Turnover of Advanced Capital. Cycles of Turnover	186
<i>CHAPTER X.</i> Theories of Fixed and Circulating Capital. The Physiocrats and Adam Smith	193
<i>CHAPTER XI.</i> Theories of Fixed and Circulating Capital. Ricardo	219
<i>CHAPTER XII.</i> The Working Period	232
<i>CHAPTER XIII.</i> The Time of Production.	242
<i>CHAPTER XIV.</i> The Time of Circulation	252
<i>CHAPTER XV.</i> Effect of the Time of Turnover on the Magnitude of Advanced Capital	261
I. The Working Period Equal to the Circulation Period	270
II. The Working Period Greater Than the Period of Circulation	274
III. The Working Period Smaller Than the Circulation Period	279
IV. Conclusions.	283
V. The Effect of a Change of Prices	289
<i>CHAPTER XVI.</i> The Turnover of Variable Capital	297
I. The Annual Rate of Surplus-Value	297
II. The Turnover of the Individual Variable Capital	312
III. The Turnover of the Variable Capital from the Social Point of View	316

<i>CHAPTER XVII.</i> The Circulation of Surplus-Value	323
I. Simple Reproduction	329
II. Accumulation and Reproduction on an Extended Scale	348

P A R T III

THE REPRODUCTION AND CIRCULATION OF THE AGGREGATE
SOCIAL CAPITAL

<i>CHAPTER XVIII.</i> Introduction	355
I. The Subject Investigated	355
II. The Role of Money-Capital	358
<i>CHAPTER XIX.</i> Former Presentations of the Subject	363
I. The Physiocrats	363
II. Adam Smith	366
1. <i>Smith's General Points of View</i>	366
2. <i>Adam Smith Resolves Exchange-Value into $v+s$</i>	374
3. <i>The Constant Part of Capital</i>	377
4. <i>Capital and Revenue in Adam Smith</i>	382
5. <i>Recapitulation</i>	389
III. Later Economists	393
<i>CHAPTER XX.</i> Simple Reproduction	396
I. The Formulation of the Question	396
II. The Two Departments of Social Production	399
III. Exchange Between the Two Departments $I_{(v+s)}$ versus II_c	402
IV. Exchange Within Department II. Necessities of Life and Articles of Luxury	406
V. The Mediation of Exchange by the Circulation of Money	415
VI. The Constant Capital of Department I	426
VII. Variable Capital and Surplus-Value in Both Departments	429
VIII. The Constant Capital in Both Departments	433
IX. A Retrospect to Adam Smith, Storch, and Ramsay	437
X. Capital and Revenue: Variable Capital and Wages	441
XI. Replacement of the Fixed Capital	453
1. <i>Replacement of the Wear and Tear Portion of the Value in the Form of Money</i>	457
2. <i>Replacement of Fixed Capital in Kind</i>	462
3. <i>Results</i>	471
XII. The Reproduction of the Money Material	473
XIII. Destutt de Tracy's Theory of Reproduction	484

CHAPTER XXI. Accumulation and Reproduction on an Extended Scale	493
I. Accumulation in Department I	496
1. <i>The Formation of a Hoard</i>	496
2. <i>The Additional Constant Capital</i>	500
3. <i>The Additional Variable Capital</i>	505
II. Accumulation in Department II	506
III. Schematic Presentation of Accumulation.	510
1. <i>First Illustration</i>	514
2. <i>Second Illustration</i>	518
3. <i>Replacement of IIc in Accumulation</i>	523
IV. Supplementary Remarks	526
<i>Name Index</i>	529
<i>Index of Authorities Quoted in Capital, Vol. II</i>	531
<i>Subject Index</i>	535

Das Kapital.

Kritik der politischen Oekonomie.

Von

Karl Marx.

Zweiter Band.

Buch II: Der Cirkulationsprocess des Kapitals.

Zweite Auflage.

Herausgegeben von Friedrich Engels.

Das Recht der Uebersetzung ist vorbehalten.

Hamburg
Verlag von Otto Meissner.
1893.

PREFACE

It was no easy task to put the second book of *Capital* in shape for publication, and do it in a way that on the one hand would make it a connected and as far as possible complete work, and on the other would represent exclusively the work of its author, not of its editor. The great number of available, mostly fragmentary, texts worked on added to the difficulties of this task. At best one single manuscript (No. IV) had been revised throughout and made ready for press. But the greater part had become obsolete through subsequent revision. The bulk of the material was not finally polished, in point of language, although in substance it was for the greater part fully worked out. The language was that in which Marx used to make his extracts: careless style full of colloquialisms, often containing coarsely humorous expressions and phrases interspersed with English and French technical terms or with whole sentences and even pages of English. Thoughts were jotted down as they developed in the brain of the author. Some parts of the argument would be fully treated, others of equal importance only indicated. Factual material for illustration would be collected, but barely arranged, much less worked out. At conclusions of chapters, in the author's anxiety to get to the next, there would often be only a few disjointed sentences to mark the further development here left incomplete. And finally there was the well-known handwriting which the author himself was sometimes unable to decipher.

I have contented myself with reproducing these manuscripts as literally as possible, changing the style only in places where Marx would have changed it himself and interpolating explanatory sentences or connecting statements only where this was absolutely necessary, and where, besides, the meaning was clear beyond any doubt. Sentences whose interpretation was susceptible of the slightest doubt were preferably copied word for word. The passages which I have remodelled or interpolated cover barely ten pages in print and concern only matters of form.

The mere enumeration of the manuscript material left by Marx for Book II proves the unparalleled conscientiousness and strict self-criticism with which he endeavoured to elaborate his great economic discoveries to the point of utmost completion before he published them. This self-criticism rarely permitted him to adapt his presentation of the subject, in content as well as in form, to his ever widening horizon, the result of incessant study. The above material consists of the following:

First, a manuscript entitled *Zur Kritik der politischen Oekonomie*,* containing 1472 quarto pages in 23 notebooks, written in August 1861 to June 1863. It is the continuation of a work of the same title, the first part of which appeared in Berlin, in 1859. It treats, on pages 1-220 (Notebooks I-V) and again on pages 1159-1472 (Notebooks XIX-XXIII), of the subjects examined in Book I of *Capital*, from the transformation of money into capital to the end, and is the first extant draft there of. Pages 973-1158 (Notebooks XVI-XVIII) deal with capital and profit, rate of profit, merchant's capital and money-capital, that is to say with subjects which later were developed in the manuscript for Book III. The themes treated in Book II and very many of those which are treated later, in Book III, are not yet arranged separately. They are treated in passing, to be specific, in the section which makes up the main body of the manuscript, viz., pages 220-972 (Notebooks VI-XV), entitled "Theories of Surplus-Value." This section contains a detailed critical history of the pith and marrow of Political Economy, the theory of surplus-value and develops parallel with it, in polemics against predecessors, most of the points later investigated separately and in their logical connection in the manuscript for Books II and III. After eliminating the numerous passages covered by Books II and III, I intend to publish the critical part of this manuscript as *Capital*, Book IV.** This manuscript, valuable though it is,

* Hereafter referred to as *Zur Kritik*.—Ed.

** Death prevented Engels from publishing the *Theories of Surplus-Value* as the fourth volume of *Capital*. In 1905-10 Kautsky put out a German edition of the book which contained a number of arbitrary deviations from the original, transpositions and omissions. The first authentic edition of the *Theories of Surplus-Value* was put out in Russian by the Institute of Marxism-Leninism of the C.C., C.P.S.U. in 1954-61. With a few necessary corrections in the translation and additions to the auxiliary material of the book, it comprised the three parts of Volume 26 of the second Russian edition of Marx's and Engels's *Collected Works* (Moscow, 1962-64). In 1956-62, a German edition patterned on the 1954-61 Russian edition was published in the German Democratic Republic. At present work is in progress in

could be used only very little in the present edition of Book II.

The manuscript chronologically following next is that of Book III. It was written, at least the greater part of it, in 1864 and 1865. Only after this manuscript had been completed in its essential parts did Marx undertake the elaboration of Book I which was published in 1867. I am now getting this manuscript of Book III in shape for press.

The following period—after the publication of Book I—is represented by a collection of four folio manuscripts for Book II, numbered I-IV by Marx himself. Manuscript I (150 pages), presumably written in 1865 or 1867, is the first separate, but more or less fragmentary, elaboration of Book II as now arranged. Here too nothing could be used. Manuscript III is partly a compilation of quotations and references to the notebooks containing Marx's extracts, most of them relating to Part I of Book II, partly elaborations of particular points, especially a critique of Adam Smith's propositions on fixed and circulating capital and the source of profit; furthermore an exposition of the relation of the rate of surplus-value to the rate of profit, which belongs in Book III. Little that was new could be garnered from the references, while the elaborations for volumes II and III were superseded by subsequent revisions and had also to be discarded for the greater part.

Manuscript IV is an elaboration, ready for press, of Part I and the first chapters of Part II of Book II, and has been used where suitable. Although it was found that this manuscript had been written earlier than Manuscript II, yet, being far more finished in form, it could be used with advantage for the corresponding part of this book. All that was needed was a few addenda from Manuscript II. The latter is the only somewhat complete elaboration of Book II and dates from the year 1870. The notes for the final editing, which I shall mention immediately, say explicitly: "The second elaboration must be used as the basis."

There was another intermission after 1870, due mainly to Marx's ill health. Marx employed this time in his customary way, by studying agronomics, rural relations in America and, especially, Russia, the money-market and banking, and finally natural sciences such as geology and physiology. Independent mathematical studies also figure prominently in the numerous

the G.D.R. on a new edition of the *Theories of Surplus-Value* as Volume 26 of the *Collected Works of Marx and Engels*. Progress Publishers in Moscow have already put out an English edition of the first part of the book, and are preparing the second and third parts for publication.—*Ed.*

extract notebooks of this period.* In the beginning of 1877 he had recovered sufficiently to resume his main work. Dating back to the end of March 1877 there are references and notes from the above-named four manuscripts intended as the basis of a new elaboration of Book II, the beginning of which is represented by Manuscript V (56 folio pages). It comprises the first four chapters and is still little worked out. Essential points are treated in footnotes. The material is rather collected than sifted, but it is the last complete presentation of this, the most important section of Part I.

A first attempt to prepare from it a manuscript ready for press was made in Manuscript VI (*after* October 1877 and before July 1878), embracing only 17 quarto pages, the greater part of the first chapter. A second and last attempt was made in Manuscript VII, "July 2, 1878," only 7 folio pages.

About this time Marx seems to have realised that he would never be able to finish the elaboration of the second and third books in a manner satisfactory to himself unless a complete revolution in his health took place. Indeed, manuscripts V-VIII show far too frequent traces of an intense struggle against depressing ill health. The most difficult bit of Part I had been worked over in Manuscript V. The remainder of Part I and all of Part II, with the exception of Chapter XVII, presented no great theoretical difficulties. But Part III, dealing with the reproduction and circulation of social capital, seemed to him to be very much in need of revision; for Manuscript II had first treated reproduction without taking into consideration money-circulation, which is instrumental in effecting it, and then gone over the same question again, but with money-circulation taken into account. This was to be eliminated and the whole part to be reconstructed in such a way as to conform to the author's enlarged horizon. Thus Manuscript VIII came into existence, a notebook containing only 70 quarto pages. But the vast amount of matter Marx was able to compress into this space is clearly demonstrated on comparing that manuscript with Part III, in print, after leaving out the pieces inserted from Manuscript II.

This manuscript is likewise merely a preliminary treatment of the subject, its main object having been to ascertain and develop the points of view newly acquired in comparison with Manuscript

* The Institute of Marxism-Leninism under the C.C., C.P.S.U. has published part of the extracts made by Marx from Russian sources (see *Arkhiv Marksa i Engelsa* [Marx and Engels Archive], Vol. XI, Moscow, 1948; Vol. XII, Moscow, 1952, and Vol. XIII, Moscow, 1955).—*Ed.*

II, with those points ignored about which there was nothing new to say. An essential portion of Chapter XVII, Part II, which anyhow is more or less relevant to Part III, was once more re-worked and expanded. The logical sequence is frequently interrupted, the treatment of the subject gappy in places, and very fragmentary, especially the conclusion. But what Marx intended to say on the subject is said there, somehow or other.

This is the material for Book II, out of which I was supposed "to make something," as Marx remarked to his daughter Eleanor shortly before his death. I have construed this task in its narrowest meaning. So far as this was at all possible, I have confined my work to the mere selection of a text from the available variants. I always based my work on the last available edited manuscript, comparing this with the preceding ones. Only the first and third parts offered any real difficulties, i.e., of more than a mere technical nature, and these were indeed considerable. I have endeavoured to solve them exclusively in the spirit of the author.

I have translated quotations in the text whenever they are cited in confirmation of facts or when, as in passages from Adam Smith, the original is available to everyone who wants to go thoroughly into the matter. This was impossible only in Chapter X, because there it is precisely the English text that is criticised.

The quotations from Book I are paged according to its second edition, the last one to appear in Marx's lifetime.

For Book III, only the following materials are available, apart from the first elaboration in manuscript form of *Zur Kritik*, from the above-mentioned parts of Manuscript III, and from a few occasional short notes scattered through various extract notebooks: The folio manuscript of 1864-65, referred to previously, which is about as fully worked out as Manuscript II of Book II; furthermore, a notebook dated 1875: The Relation of the Rate of Surplus-Value to the Rate of Profit, which treats the subject mathematically (in equations). The preparation of this Book for publication is proceeding rapidly. So far as I am able to judge up to now, it will present mainly technical difficulties, with the exception of a few but very important sections.

I consider this an opportune place to refute a certain charge which has been raised against Marx, first only in whispers, sporadically, but more recently, after his death, proclaimed an established fact by German Socialists of the Chair and of the State

and by their hangers-on. It is claimed that Marx plagiarised the work of Rodbertus. I have already stated elsewhere¹ what was most urgent in this regard, but not until now have I been able to adduce conclusive proof.

As far as I know this charge was made for the first time in R. Meyer's *Emancipationskampf des vierten Standes*, p. 43: "It can be proved that Marx has gathered the greater part of his critique from these publications"—meaning the works of Rodbertus dating back to the last half of the thirties. I may well assume, until further evidence is produced, that the "whole proof" of this assertion consists in Rodbertus having assured Herr Meyer that this was so.

In 1879 Rodbertus himself appears on the scene and writes the following to J. Zeller (*Zeitschrift für die gesamte Staatswissenschaft*, Tübingen, 1879, p. 219),* with reference to his work *Zur Erkenntniss unsrer staatswirtschaftlichen Zustände*, 1842:

"You will find that this" (the line of thought developed in it) "has been very nicely used . . . by Marx, without, however, giving me credit for it." The posthumous publisher of Rodbertus's works, Th. Kozak, repeats his insinuation without further ceremony. (*Das Kapital* von Rodbertus. Berlin, 1884, Introduction, p. XV.)

Finally in the *Briefe und Sozialpolitische Aufsätze von Dr. Rodbertus-Jagetzow*, published by R. Meyer in 1881, Rodbertus says point-blank: "To-day I find I have been robbed by Schäffle and Marx without having my name mentioned." (Letter No. 60, p. 134.) And in another place, Rodbertus's claim assumes a more definite form: "In my third social letter I have shown *virtually in the same way* as Marx, only more briefly and clearly, what the source of the *surplus-value* of the capitalist is." (Letter No. 48, p. 111.)

Marx had never heard anything about any of these charges of plagiarism. In his copy of the *Emancipationskampf* only that part had been cut open which related to the International. The remaining pages were not opened until I cut them myself after his death. He never looked at the Tübingen *Zeitschrift*. The

¹ In the preface to *Das Elend der Philosophie. Antwort auf Proudhon's Philosophie des Elends* von Karl Marx. Deutsch von E. Bernstein und K. Kautsky. Stuttgart, 1885. [English edition: K. Marx, *The Poverty of Philosophy. Answer to the "Philosophy of Poverty" by M. Proudhon*, Moscow, 1962, pp. 7-23.—Ed.]

* Rodbertus died in 1875. In 1879 was published his letter to Zeller referred to by Engels.—Ed.

Briefe, etc., to R. Meyer likewise remained unknown to him, and I did not learn of the passage referring to the "robbery" until Dr. Meyer himself was good enough to call my attention to it in 1884. However, Marx was familiar with letter No. 48. Dr. Meyer had been so kind as to present the original to the youngest daughter of Marx. When some of the mysterious whispering about the secret source of his criticism having to be sought in Rodbertus reached the ear of Marx, he showed me that letter with the remark that here he had at last authentic information as to what Rodbertus himself claimed; if that was all Rodbertus asserted he, Marx, had no objection, and he could well afford to let Rodbertus enjoy the pleasure of considering his own version the briefer and clearer one. In fact, Marx considered the matter settled by this letter of Rodbertus.

He could so all the more since I know for certain that he was not in the least acquainted with the literary activity of Rodbertus until about 1859, when his own critique of Political Economy had been completed, not only in its fundamental outlines, but also in its more important details. Marx began his economic studies in Paris, in 1843, starting with the great Englishmen and Frenchmen. Of German economists he knew only Rau and List, and he did not want any more of them. Neither Marx nor I heard a word of Rodbertus's existence until we had to criticise, in the *Neue Rheinische Zeitung*,* 1848, the speeches he made as Berlin Deputy and his actions as Minister. We were both so ignorant that we had to ask the Rhenish deputies who this Rodbertus was that had become a Minister so suddenly. But these deputies too could not tell us anything about the economic writings of Rodbertus. That on the other hand Marx had known very well already at that time, without the help of Rodbertus, not only whence but also *how* "the surplus-value of the capitalist" came into existence is proved by his *Poverty of Philosophy*, 1847,** and by his lectures on wage-labour and capital, delivered in Brussels the same year and published in Nos. 264-69 of the *Neue Rheinische Zeitung*, in 1849.*** It was only in 1859, through

* *Neue Rheinische Zeitung. Organ der Demokratie*—a daily newspaper published under Marx's editorship in Cologne from June 1, 1848 to May 19, 1849. The editors included Frederick Engels, Wilhelm Wolff, Georg Weerth, Ferdinand Wolff, Ernst Dronke, Ferdinand Freiligrath and Heinrich Bürgers. The publication of the newspaper was discontinued owing to persecution of Marx and others by the Prussian government.—Ed.

** K. Marx, *The Poverty of Philosophy*, Moscow, 1962.—Ed.

*** K. Marx, *Wage Labour and Capital*, Moscow, 1961.—Ed.

Lassalle, that Marx learned of the existence of a certain economist named Rodbertus and thereupon Marx looked up the "third social letter" in the British Museum.

These were the actual circumstances. And now let us see what there is to the content, of which Marx is charged with "robbing" Rodbertus. Says Rodbertus: "In my third social letter I have shown in the same way as Marx, only more briefly and clearly, what the source of the surplus-value of the capitalist is." This, then, is the crux of the matter: The theory of surplus-value. And indeed, it would be difficult to say what else there is in Marx that Rodbertus might claim as his property. Thus Rodbertus declares here he is the real originator of the theory of surplus-value and that Marx robbed him of it.

And what has the third social letter to say in regard to the origin of surplus-value? Simply this: That "rent," his term which lumps together ground-rent and profit, does not arise from an "addition of value" to the value of a commodity, but "from a deduction of value from wages; in other words, because wages represent only a part of the value of a product," and if labour is sufficiently productive wages need not be "equal to the natural exchange-value of the product of labour in order to leave enough of this value for the replacing of capital (!) and for rent."* We are not informed however what sort of a "natural exchange-value" of a product it is that leaves nothing for the "replacing of capital," consequently, for the replacement of raw material and the wear and tear of tools.

It is our good fortune to be able to state what impression was produced on Marx by this stupendous discovery of Rodbertus. In the manuscript *Zur Kritik*, notebook X, pp. 445 et seqq. we find a "Digression. Herr Rodbertus. A New Ground-Rent Theory." This is the only point of view from which Marx there looks upon the third social letter. The Rodbertian theory of surplus-value in general is dismissed with the ironical remark: "Mr. Rodbertus first analyses the state of affairs in a country where property in land and property in capital are not separated and then arrives at the *important* conclusion that rent (by which he means the entire surplus-value) is only equal to the unpaid labour or to the quantity of products in which this labour is expressed."**

* Rodbertus-Jagetzow, Karl, *Soziale Briefe an von Kirchmann. Dritter Brief: Widerlegung der Ricardoschen Lehre von der Grundrente und Begründung einer neuen Rententheorie*, Berlin, 1851, S. 87.—Ed.

** K. Marx, *Theorien über den Mehrwert* (Vierter Band des *Kapitals*), 2. Teil, Berlin, 1959, SS. 7-8.—Ed.

Capitalistic man has been producing surplus-value for several hundred years and has gradually arrived at the point of pondering over its origin. The view first propounded grew directly out of commercial practice: surplus-value arises out of an addition to the value of the product. This idea was current among the mercantilists. But James Steuart already realised that in that case the one would necessarily lose what the other would gain. Nevertheless, this view persisted for a long time afterwards, especially among the Socialists. But it was thrust out of classical science by Adam Smith.

He says in the *Wealth of Nations*, Vol. I, Ch. VI: "As soon as stock has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a *profit* by the sale of their work, or by *what their labour adds to the value of the materials*. . . . The *value* which the workmen *add to the materials*, therefore, resolves itself in this case into *two parts*, of which the one pays *their wages*, the other the *profits of their employer* upon the whole stock of materials and wages which he advanced."* And a little further on he says: "As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce...." The labourer "must *give up* to the landlord *a portion* of what his *labour* either collects or produces. This portion, or, what comes to the same thing, the price of this portion, constitutes the *rent of land*."**

Marx comments on this passage in the above-named manuscript *Zur Kritik, etc.*, p. 253:

"Thus Adam Smith conceives *surplus-value*—that is, surplus-labour, the excess of labour performed and realised in the commodity *over and above* the paid labour, the labour which has received its equivalent in the wages—as the *general category*, of which profit in the strict sense and rent of land are merely branches."***

Adam Smith says furthermore (Vol. I, Ch. VIII): "As soon as land becomes private property, the landlord demands a share of almost all the produce which the labourer can either raise

* A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, London, 1843, Vol. I, pp. 131-32.—Ed.

** *ibid.*, p. 134.—Ed.

*** Karl Marx, *Theories of Surplus-Value* (Volume IV of *Capital*), Moscow, 1963, Part I, pp. 80-81.—Ed.

or collect from it. His rent makes the *first deduction* from the *produce of the labour which is employed upon land*. It seldom happens that the person who tills the ground has the wherewithal to maintain himself till he reaps the harvest. His maintenance is generally advanced to him from the stock of a master, the farmer who employs him, and who would have no interest to employ him, unless he was to *share in the produce of his labour*, or unless his stock was to be replaced to him with a profit. This profit makes a *second deduction* from the produce of the labour which is employed upon land. The produce of almost all other labour is liable to the like deduction of profit. In all arts and manufactures the greater part of the workmen stand in need of a master to advance them the materials of their work, and their wages and maintenance till it be completed. He *shares* in the *produce of their labour*, or in the value which it adds to the materials upon which it is bestowed; and in this share consists his profit."*

Marx's comment (Manuscript, p. 256): "Here therefore Adam Smith in plain terms describes rent and profit on capital as mere *deductions* from the workman's product or the value of his product, which is equal to the quantity of labour added by him to the material. This deduction however, as Adam Smith has himself previously explained, can only consist of that part of the labour which the workman adds to the materials, over and above the quantity of labour which only pays his wages, or which only provides an equivalent for his wages; that is, the surplus-labour, the unpaid part of his labour."**

Thus even Adam Smith knew "the source of the surplus-value of the capitalist," and furthermore also of that of the landlord. Marx acknowledged this as early as 1861, while Rodbertus and the swarming mass of his admirers, who grew like mushrooms under the warm summer showers of state socialism, seem to have forgotten all about that.

"Nevertheless," Marx continues, "he [Adam Smith] does not distinguish surplus-value as such as a category on its own, distinct from the specific forms it assumes in profit and rent. This is the source of much error and inadequacy in his inquiry, and of even more in the work of Ricardo."***

* A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, London, 1843, Vol. I, pp. 172-73.—Ed.

** Karl Marx, *Theories of Surplus-Value* (Volume IV of *Capital*), Moscow, 1963, Part I, p. 83.—Ed.

*** *ibid.*, p. 81.—Ed.

This statement fits Rodbertus to a T. His "rent" is simply the sum of ground-rent and profit. He builds up an entirely erroneous theory of ground-rent, and he accepts profit without any examination of it, just as he finds it among his predecessors.

Marx's surplus-value, on the contrary, represents the *general form* of the sum of values appropriated without any equivalent by the owners of the means of production, and this form splits into the distinct, *converted* forms of profit and ground-rent in accordance with very peculiar laws which Marx was the first to discover. These laws will be expounded in Book III. We shall see there that many intermediate links are required to arrive from an understanding of surplus-value in general at an understanding of its transformation into profit and ground-rent; in other words at an understanding of the laws of the distribution of surplus-value within the capitalist class.

Ricardo goes considerably further than Adam Smith. He bases his conception of surplus-value on a new theory of value contained in embryo in Adam Smith, but generally forgotten when it comes to applying it. This theory of value became the starting-point of all subsequent economic science. From the determination of the value of commodities by the quantity of labour embodied in them he derives the distribution, between the labourers and capitalists, of the quantity of value added by labour to the raw materials, and the division of this value into wages and profit (i.e., here surplus-value). He shows that the value of the commodities remains the same no matter what may be the proportion of these two parts, a law which he holds has but few exceptions. He even establishes a few fundamental laws, although couched in too general terms, on the mutual relations of wages and surplus-value (taken in the form of profit) (Marx, *Das Kapital*, Buch I, Kap. XV, A),* and shows that ground-rent is a surplus over and above profit, which under certain circumstances does not accrue.

In none of these points did Rodbertus go beyond Ricardo. He either remained wholly unfamiliar with the internal contradictions of the Ricardian theory which caused the downfall of that school, or they only misled him into raising utopian demands (his *Zur Erkenntnis*, etc., p. 130) instead of inducing him to find economic solutions.

But the Ricardian theory of value and surplus-value did not

* English edition: Karl Marx, *Capital*, Vol. I, Ch. XVII, 1, Moscow, 1954.—Ed.

have to wait for Rodbertus's *Zur Erkenntnis* in order to be utilised for socialist purposes. On page 609 of the first volume (*Das Kapital*, 2nd ed.)* we find the following quotation, "The possessors of surplus-produce or capital," taken from a pamphlet entitled *The Source and Remedy of the National Difficulties. A Letter to Lord John Russell*, London, 1821. In this pamphlet of 40 pages, the importance of which should have been noted if only on account of the one expression "surplus-produce or capital," and which Marx saved from falling into oblivion, we read the following statements:

"...whatever may be due to the capitalist" (from the standpoint of the capitalist) "he can only receive the surplus-labour of the labourer; for the labourer must live" (p. 23). But *how* the labourer lives and hence how much the surplus-labour appropriated by the capitalist can amount to are very relative things. "... if capital does not decrease in value as it increases in amount, the capitalists will exact from the labourers the produce of every hour's labour beyond what it is possible for the labourer to subsist on the capitalist may ... eventually say to the labourer, 'You shan't eat bread ... because it is possible to subsist on beet root and potatoes.' And to this point have we come!" (Pp. 23-24.) "Why, if the labourer can be brought to feed on potatoes instead of bread, it is indisputably true that more can be exacted from his labour; that is to say, if when he fed on bread, he was obliged to retain for the maintenance of himself and family *the labour of Monday and Tuesday*, he will, on potatoes, require only the *half of Monday*; and the remaining half of Monday and the whole of Tuesday are *available* either for the service of the state or *the capitalist*." (P. 26.) "It is admitted that the interest paid to the capitalists, whether in the nature of rents, interests on money, or profits of trade, is paid out of the labour of others." (P. 23.) Here we have exactly the same idea of "rent" as Rodbertus has, except that "interest" is used instead of "rent."

Marx makes the following comment (manuscript *Zur Kritik*, p. 852): "This little known pamphlet—published at a time when the 'incredible cobbler'** MacCulloch began to be talked about—represents an essential advance over Ricardo. It directly designates surplus-value, or 'profit' in the language of Ricardo (often

* English edition: page 588.—*Ed.*

** A nickname given to MacCulloch by the author of the pamphlet *Some Illustrations of Mr. M'Culloch's Principles of Political Economy* which appeared in Edinburgh in 1826; the author given as M. Mullion, the pen name of John Wilson.—*Ed.*

also surplus-produce), or interest, as the author of this pamphlet calls it, as surplus-labour, the labour which the labourer performs gratuitously, which he performs in excess of that quantity of labour by which the value of his labour-power is replaced, i.e., an equivalent of his wages is produced. It was no more important to reduce *value* to *labour* than to reduce surplus-value, represented by a *surplus-produce*, to *surplus-labour*. This has *already been stated by Adam Smith and forms a main factor in Ricardo's analysis*. But they did not say so nor fix it anywhere in absolute form."* We read furthermore, on page 859 of the manuscript: "Moreover, the author is a prisoner of the economic categories as they have come down to him. Just as the confounding of surplus-value and profit misleads Ricardo into unpleasant contradictions, so this author fares no better by baptising surplus-value with the name of 'interest of capital.' True, he advances beyond Ricardo by having been the first to reduce all surplus-value to surplus-labour. Furthermore, while calling surplus-value 'interest of capital,' he emphasises at the same time that by this term he means the general form of surplus-labour as distinguished from its special forms: rent, interest on money, and profit of enterprise. And yet he picks the name of one of these special forms, interest, for the general form. And this sufficed to cause his relapse into economic slang."**

This last passage fits Rodbertus like a glove. He, too, is a prisoner of the economic categories as they have come down to him. He, too, applies to surplus-value the name of one of its converted sub-forms, rent, and makes it quite indefinite at that. The result of these two mistakes is that he relapses into economic slang, that he does not follow up his advance over Ricardo critically, and that instead he is misled into using his unfinished theory, even before it got rid of its egg-shell, as the basis for a utopia with which, as always, he comes too late. The pamphlet appeared in 1821 and anticipated completely Rodbertus's "rent" of 1842.

Our pamphlet is but the farthest outpost of an entire literature which in the twenties turned the Ricardian theory of value and surplus-value against capitalist production in the interest of the proletariat, fought the bourgeoisie with its own weapons. The entire communism of Owen, so far as it engages in polemics

* K. Marx, *Theorien über den Mehrwert* (Vierter Band des *Kapitals*), 3. Teil, Berlin, 1962, SS. 236-37.—Ed.

** *ibid.*, SS. 252-53.—Ed.

on economic questions, is based on Ricardo. Apart from him, there are still numerous other writers, some of whom Marx quoted as early as 1847 against Proudhon (*Misère de la Philosophie*, p. 49*), such as Edmonds, Thompson, Hodgskin, etc., etc., "and four more pages of etceteras." I select the following at random from among this multitude of writings: *An Inquiry into the Principles of the Distribution of Wealth, Most Conducive to Human Happiness*, by William Thompson; a new edition, London, 1850. This work, written in 1822, first appeared in 1824. Here likewise the wealth appropriated by the non-producing classes is described everywhere as a deduction from the product of the labourer and rather strong words are used. The author says: "The constant effort of what has been called society, has been to deceive and induce, to terrify and compel, the productive labourer to work for the smallest possible portion of the produce of his own labour" (p. 28). "Why not give him the whole absolute produce of his labour?" (P. 32.) "This amount of compensation, exacted by capitalists from the productive labourers, under the name of rent or profits, is claimed for the use of land or other articles.... For all the physical materials on which, or by means of which, his productive powers can be made available, being in the hands of others with interests opposed to his, and their consent being a necessary preliminary to any exertion on his part, is he not, and must he not always remain, at the mercy of these capitalists for whatever *portion of the fruits of his own labour* they may think proper to leave at his disposal in compensation for his toils?" (P. 125.) "... in proportion to the amount of *products withheld*, whether called profits, or taxes, or theft" (p. 126), etc.

I must admit that I do not write these lines without a certain mortification. I will not make so much of the fact that the anti-capitalist literature of England of the twenties and thirties is so totally unknown in Germany, in spite of Marx's direct references to it even in his *Poverty of Philosophy*, and his repeated quotations from it, as for instance the pamphlet of 1821, Ravenstone, Hodgskin, etc., in Volume I of *Capital*. But it is proof of the grave deterioration of official Political Economy that not only the *Literatus vulgaris*,** who clings desperately to the coat-tails of Rodbertus and "really has not learned anything," but also the officially and ceremoniously installed professor,** who

* Marx, *The Poverty of Philosophy*, Moscow, 1962.—Ed.

** Engels refers to R. Meyer.—Ed.

*** Engels refers to the German vulgar economist A. Wagner.—Ed.

"boasts of his erudition," has forgotten his classical Political Economy to such an extent that he seriously charges Marx with having purloined things from Rodbertus which may be found even in Adam Smith and Ricardo.

But what is there new in Marx's utterances on surplus-value? How is it that Marx's theory of surplus-value struck home like a thunderbolt out of a clear sky, and that in all civilised countries, while the theories of all his socialist predecessors, Rodbertus included, vanished without having produced any effect?

The history of chemistry offers an illustration which explains this.

We know that late in the past century the phlogistic theory still prevailed. It assumed that combustion consisted essentially in this: that a certain hypothetical substance, an absolute combustible named phlogiston, separated from the burning body. This theory sufficed to explain most of the chemical phenomena then known, although it had to be considerably strained in some cases. But in 1774 Priestley produced a certain kind of air "which he found to be so pure, or so free from phlogiston, that common air seemed adulterated in comparison with it." He called it "dephlogisticated air." Shortly after him Scheele obtained the same kind of air in Sweden and demonstrated its existence in the atmosphere. He also found that this kind of air disappeared whenever some body was burned in it or in ordinary air and therefore he called it "fire-air." "From these facts he drew the conclusion that the combination arising from the union of phlogiston with one of the components of the atmosphere" (that is to say, from combustion) "was nothing but fire or heat which escaped through the glass."²

Priestley and Scheele had produced oxygen without knowing what they had laid their hands on. They "remained prisoners of the" phlogistic "categories as they came down to them." The element which was destined to upset all phlogistic views and to revolutionise chemistry remained barren in their hands. But Priestley had immediately communicated his discovery to Lavoisier in Paris, and Lavoisier, by means of this discovery, now analysed the entire phlogistic chemistry and came to the conclusion that this new kind of air was a new chemical element, and that combustion was not a case of the mysterious phlogiston *departing* from the burning body, but of this new element

² Roscoe-Schorlemmer, *Ausführliches Lehrbuch der Chemie*. Braunschweig, 1877, I, pp. 13 and 18.

11.2.1899.

combining with that body. Thus he was the first to place all chemistry, which in its phlogistic form had stood on its head, squarely on its feet. And although he did not produce oxygen simultaneously and independently of the other two, as he claimed later on, he nevertheless is the real *discoverer* of oxygen vis-à-vis the others who had only *produced* it without knowing *what* they had produced.

Marx stands in the same relation to his predecessors in the theory of surplus-value as Lavoisier stood to Priestley and Scheele. The *existence* of that part of the value of products which we now call surplus-value had been ascertained long before Marx. It had also been stated with more or less precision what it consisted of, namely, of the product of the labour for which its appropriator had not given any equivalent. But one did not get any further. Some—the classical bourgeois economists—investigated at most the proportion in which the product of labour was divided between the labourer and the owner of the means of production. Others—the Socialists—found that this division was unjust and looked for utopian means of abolishing this injustice. They all remained prisoners of the economic categories as they had come down to them.

Now Marx appeared upon the scene. And he took a view directly opposite to that of all his predecessors. What they had regarded as a *solution*, he considered but a *problem*. He saw that he had to deal neither with dephlogisticated air nor with fire-air, but with oxygen—that here it was not simply a matter of stating an economic fact or of pointing out the conflict between this fact and eternal justice and true morality, but of explaining a fact which was destined to revolutionise all economics, and which offered to him who knew how to use it the key to an understanding of all capitalist production. With this fact as his starting-point he examined all the economic categories which he found at hand, just as Lavoisier proceeding from oxygen had examined the categories of phlogistic chemistry which he found at hand. In order to understand what surplus-value was, Marx had to find out what value was. He had to criticise above all the Ricardian theory of value. Hence he analysed labour's value-producing property and was the first to ascertain *what* labour it was that produced value, and why and how it did so. He found that value was nothing but congealed labour of *this* kind, and this is a point which Rodbertus never grasped to his dying day. Marx then investigated the relation of commodities to money and demonstrated how and why, thanks to the property of value

immanent in commodities, commodities and commodity-exchange must engender the opposition of commodity and money. His theory of money, founded on this basis, is the first exhaustive one and has been tacitly accepted everywhere. He analysed the transformation of money into capital and demonstrated that this transformation is based on the purchase and sale of labour-power. By substituting labour-power, the value-producing property, for labour he solved with one stroke one of the difficulties which brought about the downfall of the Ricardian school, viz., the impossibility of harmonising the mutual exchange of capital and labour with the Ricardian law that value is determined by labour. By establishing the distinction of capital into constant and variable he was enabled to trace the real course of the process of the formation of surplus-value in its minutest details and thus to explain it, a feat which none of his predecessors had accomplished. Consequently he established a distinction inside of capital itself with which neither Rodbertus nor the bourgeois economists knew in the least what to do, but which furnishes the key for the solution of the most complicated economic problems, as is strikingly proved again by Book II and will be proved still more by Book III. He analysed surplus-value further and found its two forms, absolute and relative surplus-value. And he showed that they had played a different, and each time a decisive role, in the historical development of capitalist production. On the basis of this surplus-value he developed the first rational theory of wages we have, and for the first time drew up an outline of the history of capitalist accumulation and an exposition of its historical tendency.

And Rodbertus? After he has read all that, he—like the tententious economist he always is—regards it as “an assault on society,”* finds that he himself has said much more briefly and clearly what surplus-value evolves from, and finally declares that all this does indeed apply to “the present form of capital,” that is to say to capital as it exists historically, but not to the “conception of capital,” namely the utopian idea which Herr Rodbertus has of capital. Just like old Priestley, who swore by phlogiston to the end of his days and refused to have anything to do with oxygen. The only thing is that Priestley had actually produced oxygen first, while Rodbertus had merely rediscovered a commonplace in his surplus-value, or rather his “rent,” and

* K. Rodbertus-Jagetzow, *Briefe und sozialpolitische Aufsätze*. Herausgegeben von Dr. R. Meyer. Berlin, 1881, Bd. 1, S. 111.—Ed.

that Marx, unlike Lavoisier, disdained to claim that he was the first to discover the *fact* of the existence of surplus-value.

The other economic feats performed by Rodbertus are on about the same plane. His elaboration of surplus-value into a utopia has already been unintentionally criticised by Marx in his *Poverty of Philosophy*. What else may be said about it I have said in my preface to the German edition of that work.* Rodbertus's explanation of commercial crises as outgrowths of the underconsumption of the working-class may already be found in Sismondi's *Nouveaux Principes de l'Economie Politique*, book IV, ch. IV.³ However, Sismondi always had the world-market in mind, while Rodbertus's horizon does not extend beyond the Prussian border. His speculations as to whether wages are derived from capital or income belong to the domain of scholasticism and are definitely settled in Part III of this second book of *Capital*. His theory of rent has remained his exclusive property and may rest in peace until the manuscript of Marx criticising it is published.** Finally his suggestions for the emancipation of the old Prussian landed property from the oppression of capital are also entirely utopian; for they evade the only practical question raised in this connection, viz.: How can the old Prussian landed junker have a yearly income of, say, 20,000 marks and a yearly expenditure of, say, 30,000 marks, without running into debt?

The Ricardian school suffered shipwreck about the year 1830 on the rock of surplus-value. And what this school could not solve remained still more insoluble for its successor, Vulgar Economy. The two points which caused its failure were these:

1. Labour is the measure of value. However, living labour in its exchange with capital has a lower value than materialised labour for which it is exchanged. Wages, the value of a definite quantity of living labour, are always less than the value of the product begotten by this same quantity of living labour or in which this quantity is embodied. The question is indeed insoluble, if put in this form. It has been correctly formulated by Marx and thereby been answered. It is not labour which has a

* K. Marx, *The Poverty of Philosophy*, Moscow, 1962.—Ed.

³ "Thus the concentration of wealth in the hands of a small number of proprietors narrows the home market more and more, and industry is more and more compelled to look for foreign markets to dispose of its goods, where great revolutions threaten it" (namely, the crisis of 1817, which is described immediately afterwards). *Nouveaux Principes*, edition of 1819, I, p. 336.

** The reference is to a manuscript published later under the title *Theorien über den Mehrwert*. See: K. Marx, *Theorien über den Mehrwert* (Vierter Band des *Kapitals*), 2. Teil, Berlin, 1959, SS. 7-151.—Ed.

value. As an activity which creates values it can no more have any special value than gravity can have any special weight, heat any special temperature, electricity any special strength of current. It is not labour which is bought and sold as a commodity, but labour-power. As soon as labour-power becomes a commodity, its value is determined by the labour embodied in this commodity as a social product. This value is equal to the labour socially necessary for the production and reproduction of this commodity. Hence the purchase and sale of labour-power on the basis of its value thus defined does not at all contradict the economic law of value.

2. According to the Ricardian law of value, two capitals employing equal quantities of equally paid living labour, all other conditions being equal, produce commodities of equal value and likewise surplus-value, or profit, of equal quantity in equal periods of time. But if they employ unequal quantities of living labour, they cannot produce equal surplus-values, or, as the Ricardians say, equal profits. Now in reality the opposite takes place. In actual fact, equal capitals, regardless of how much or how little living labour is employed by them, produce equal average profits in equal times. Here there is therefore a contradiction of the law of value which had been noticed by Ricardo himself, but which his school also was unable to reconcile. Rodbertus likewise could not but note this contradiction. But instead of resolving it, he made it one of the starting-points of his utopia. (*Zur Erkenntnis*, p. 131.) Marx had resolved this contradiction already in the manuscript of his *Zur Kritik*.^{*} According to the plan of *Capital*, this solution will be provided in Book III.^{**} Months will pass before that will be published. Hence those economists who claim to have discovered in Rodbertus the secret source and a superior predecessor of Marx have now an opportunity to demonstrate what the economics of a Rodbertus can accomplish. If they can show in which way an equal average rate of profit can and must come about, not only without a violation of the law of value, but on the very basis of it, I am willing to discuss the matter further with them. In the meantime they had better make haste. The brilliant investigations of the present Book II and their entirely new results in fields hitherto almost untrod are merely introductory to the

^{*} K. Marx, *Theorien über den Mehrwert* (Vierter Band des *Kapitals*), 2. Teil, Berlin, 1959.—*Ed.*

^{**} English edition: Karl Marx, *Capital*, Vol. III, Part I and Part II, Moscow, 1959.—*Ed.*

contents of Book III, which develops the final conclusions of Marx's analysis of the process of social reproduction on a capitalist basis. When this Book III appears, little mention will be made of the economist called Rodbertus.

The second and third books of *Capital* were to be dedicated, as Marx had stated repeatedly, to his wife.

Frederick Engels

London, on Marx's birthday, May 5, 1885

PREFACE TO THE SECOND EDITION*

The present second edition is, in the main, a faithful reprint of the first. Typographical errors have been corrected, a few stylistic blemishes eliminated, and several short paragraphs containing only repetitions struck out.

The third book, which presented quite unforeseen difficulties, is now almost finished in manuscript. If my health holds out it will be ready for press this autumn.

Frederick Engels

London, July 15, 1893

For the sake of convenience there follows here a short compilation of passages, each with an indication of the particular manuscript (II-VIII) taken from.

PART I

Pp. 23-24 from Ms. II; pp. 24-34, Ms. VII; pp. 34-38, Ms. VI; pp. 38-117, Ms. V; pp. 117-120, note found among extracts from books; p. 121 to end, Ms. IV; there have been inserted however: pp. 129-130, passage from Ms. VIII; pp. 134 and 140-141, notes from Ms. II.

PART II

Beginning, pp. 153-163, is end of Ms. IV. From here to end of this part, pp. 163-350, all from Ms. II.

* Title provided by the editor.—*Ed.*

P A R T III

Chapter 18: (pp. 351-358) from Ms. II.

Chapter 19: I and II (pp. 359-389) from Ms. VIII; III (pp. 389-391) from Ms. II.

Chapter 20: I (pp. 392-394) from Ms. II, only the concluding paragraph from Ms. VIII.

II (pp. 395-398) in the main from Ms. II.

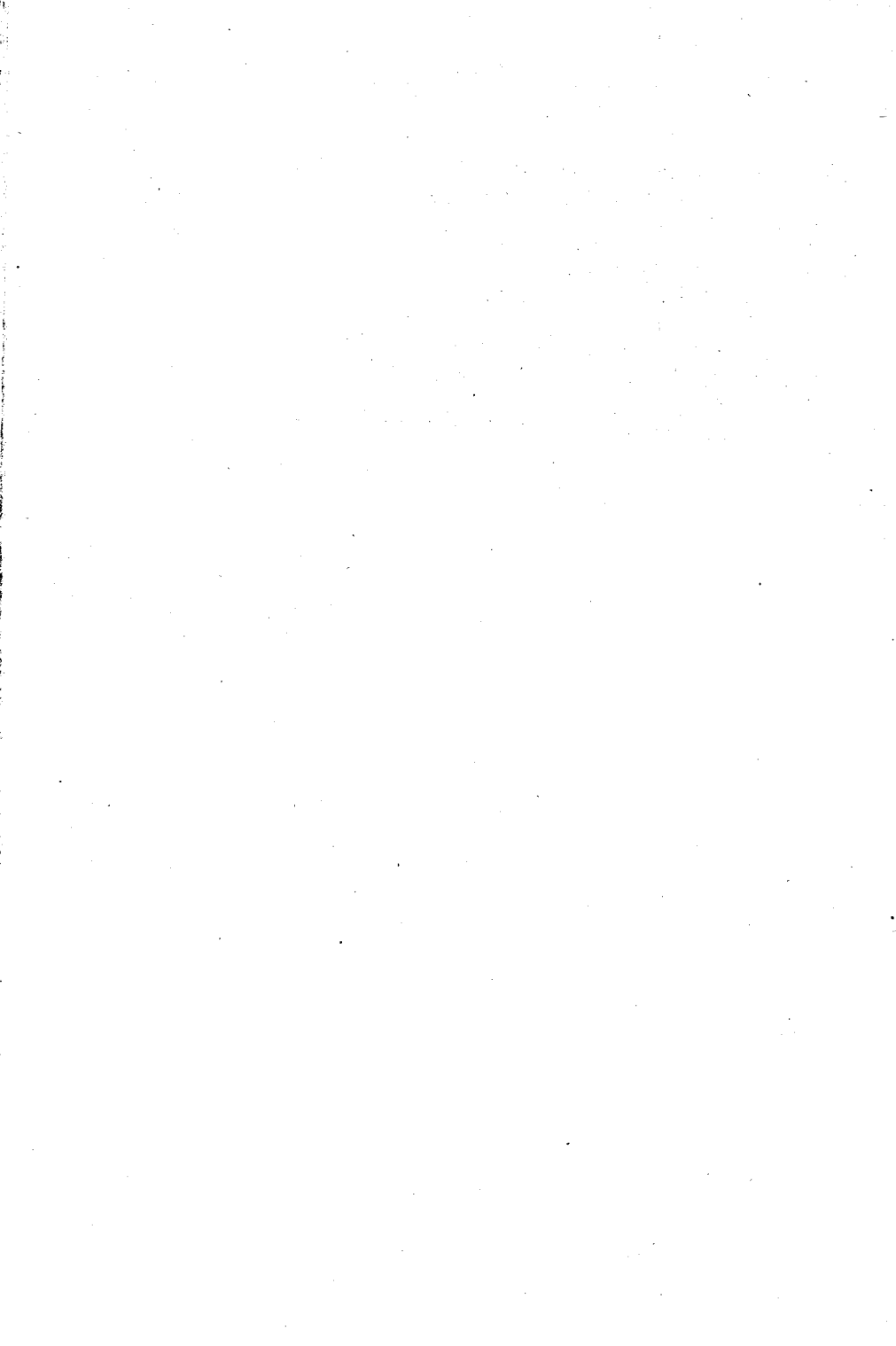
III, IV, V (pp. 398-421) from Ms. VIII.

VI, VII, VIII, IX (pp. 422-437) from Ms. II.

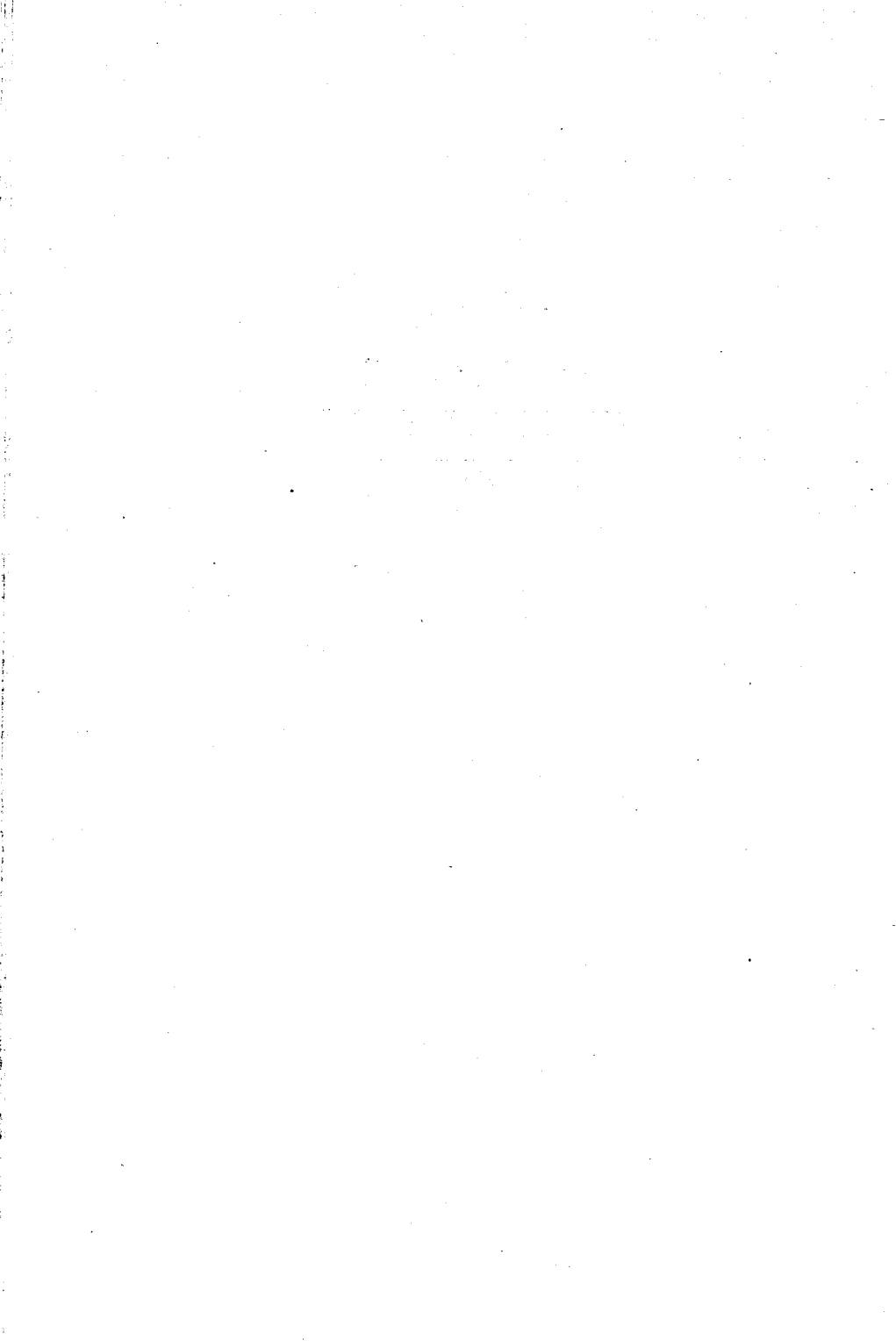
X, XI, XII (pp. 437-480) from Ms. VIII.

XIII (pp. 480-488) from Ms. II.

Chapter 21: (pp. 489-522) entirely from Ms. VIII.



BOOK II
THE PROCESS
OF CIRCULATION
OF CAPITAL



PART I

THE METAMORPHOSES OF CAPITAL
AND THEIR CIRCUITS

CHAPTER I

THE CIRCUIT OF MONEY-CAPITAL

The circular movement¹ of capital takes place in three stages, which, according to the presentation in Volume I, form the following series:

First stage: The capitalist appears as a buyer on the commodity- and the labour-market; his money is transformed into commodities, or it goes through the circulation act $M-C$.

Second stage: Productive consumption of the purchased commodities by the capitalist. He acts as a capitalist producer of commodities; his capital passes through the process of production. The result is a commodity of more value than that of the elements entering into its production.

Third stage: The capitalist returns to the market as a seller; his commodities are turned into money, or they pass through the circulation act $C-M$.

Hence the formula for the circuit of money-capital is: $M-C \dots P \dots C'-M'$, the dots indicating that the process of circulation is interrupted, and C' and M' designating C and M increased by surplus-value.

The first and third stages were discussed in Book I only in so far as this was necessary for an understanding of the second stage, the process of production of capital. For this reason, the various forms which capital takes on in its different stages, and which it now assumes and now strips off in the repetition of its circuit, were not considered. These forms are now the direct object of our study.

In order to conceive these forms in their pure state, one must first of all discard all factors which have nothing to do with the

¹ From Manuscript II.—*F.E.*

CHAPTER II

THE CIRCUIT OF PRODUCTIVE CAPITAL

The circuit of productive capital has the general formula $P \dots C' - M' - C \dots P$. It signifies the periodical renewal of the functioning of productive capital, hence its reproduction, or its process of production as a process of reproduction aiming at the self-expansion of value; not only production but a periodical reproduction of surplus-value; the function of industrial capital in its productive form, and this function performed not once but periodically repeated, so that the renewal is determined by the starting-point. A portion of C' may (in certain cases, in various branches of investment of industrial capital) re-enter directly as means of production into the same labour-process out of which it came in the shape of a commodity. This merely saves the transformation of the value of this portion into real money or token-money or else the commodity finds an independent expression only as money of account. This part of value does not enter into the circulation. Thus values enter into the process of production which do not enter into the process of circulation. The same is true of that part of C' which is consumed by the capitalist in kind as part of the surplus-product. But this is insignificant for capitalist production. It deserves consideration, if at all, only in agriculture.

Two things are at once strikingly apparent in this form.

For one thing, while in the first form, $M \dots M'$, the process of production, the function of P , interrupts the circulation of money-capital and acts only as a mediator between its two phases $M - C$ and $C' - M'$, here the entire circulation process of industrial capital, its entire movement within the phase of circulation, constitutes only an interruption and consequently only the connecting link between the productive capital, which as the first extreme opens the circuit, and that which closes it as the other

CHAPTER III

THE CIRCUIT OF COMMODITY-CAPITAL

The general formula for the circuit of commodity-capital is:

$$C' - M' - C \dots P \dots C'.$$

C' appears not alone as the product but also as the premise of the two previous circuits, since that which $M - C$ means for the one capital $C' - M'$ means for the other, inasmuch as at least a part of the means of production is itself the commodity-product of other individual capitals describing their circuits. In our case for instance coal, machinery, etc., represent the commodity-capital of the mine-owner, of the capitalist machine-manufacturer, etc. Furthermore we have shown in Chapter I, 4, that not only the circuit $P \dots P$ but also the circuit $C' \dots C'$ is assumed even in the first repetition of $M \dots M'$, before this second circuit of money-capital is completed.

If reproduction takes place on an extended scale, then the final C' is greater than the initial C' and should therefore be designated here as C'' .

The difference between the third form and the first two is as follows: First, in this case the total circulation with its two antithetical phases opens the circuit, while in Form I the circulation is interrupted by the process of production and in Form II the total circulation with its two mutually complementary phases appears merely as a means of effecting the process of reproduction and therefore constitutes the movement mediating between $P \dots P$. In the case of $M \dots M'$, the form of circulation is $M - C \dots C' - M' = M - C - M$. In the case of $P \dots P$ it has the inverted form $C' - M'$. $M - C = C - M - C$. In the case of $C' - C'$ it likewise has this last form.

CHAPTER IV

THE THREE FORMULAS OF THE CIRCUIT

The three formulas may be set down in the following manner, using Tc for "total circulation process":

- I. M—C ... P ... C'—M'
- II. P ... Tc ... P
- III. Tc ... P(C').

If we combine all three forms, all premises of the process appear as its result, as a premise produced by it itself. Every element appears as a point of departure, of transit, and of return. The total process presents itself as the unity of the processes of production and circulation. The process of production becomes the mediator of the process of circulation and vice versa.

All three circuits have the following in common: The self-expansion of value as the determining purpose, as the compelling motive. In I this is expressed in its form. Formula II begins with P, the very process of creating surplus-value. In III the circuit begins with the self-expanded value and closes with new self-expanded value, even if the movement is repeated on the same scale.

As C—M means M—C for the buyer, and M—C means C—M for the seller, the circulation of capital presents only the ordinary metamorphosis of commodities, and the laws evolved with regard to it (Buch I, Kap. III, 2)* on the mass of money in circulation are valid here. However, if we do not cling to this formal aspect but rather consider the actual connection between the metamorphoses of the various individual capitals, in other words, if we study the connection between the circuits of individual capitals as partial movements of the process of

* English edition: Ch. III, 2.—*Ed.*

CHAPTER V
THE TIME OF CIRCULATION⁸

We have seen that the movement of capital through the sphere of production and the two phases of the sphere of circulation takes place in a series of periods of time. The duration of its sojourn in the sphere of production is its time of production, that of its stay in the sphere of circulation its time of circulation. The total time during which it describes its circuit is therefore equal to the sum of its time of production and its time of circulation.

The time of production naturally comprises the period of the labour-process, but is not comprised in it. It will be remembered first of all that a part of the constant capital exists in the form of instruments of labour, such as machinery, buildings, etc., which serve the same constantly repeated labour-processes until they are worn out. Periodical interruptions of the labour-process, by night for instance, interrupt the functioning of these instruments of labour, but not their stay at the place of production. They belong to this place when they are in function as well as when they are not. On the other hand the capitalist must have a definite supply of raw material and auxiliary material in readiness, in order that the process of production may take place for a longer or shorter time on a previously determined scale, without being dependent on the accidents of daily supply from the market. This supply of raw material, etc., is productively consumed only by degrees. There is, therefore, a difference between its time of production⁹ and its time of functioning. The time of production of the means of production in general comprises,

⁸ Beginning of Manuscript IV.—*F. E.*

⁹ Time of production is here used in the active sense: The time of production of the means of production does not mean in this case the time required for their production, but the time during which they take part in the process of production of a certain commodity.—*F. E.*

CHAPTER VI

THE COSTS OF CIRCULATION

I. GENUINE COSTS OF CIRCULATION

1. The Time of Purchase and Sale

The transformations of the forms of capital from commodities into money and from money into commodities are at the same time transactions of the capitalist, acts of purchase and sale. The time in which these transformations of forms take place constitutes subjectively, from the standpoint of the capitalist, the time of purchase and sale; it is the time during which he performs the functions of a seller and buyer in the market. Just as the time of circulation of capital is a necessary segment of its time of reproduction, so the time in which the capitalist buys and sells and scours the market is a necessary part of the time in which he functions as a capitalist, i.e., as personified capital. It is a part of his business hours.

[Since we have assumed that commodities are bought and sold at their values, these acts constitute merely the conversion of a certain value from one form into another, from the commodity-form into the money-form or from the money-form into the commodity-form—a change in the state of being. If commodities are sold at their values, then the magnitudes of value in the hands of the buyer and seller remain unchanged. Only the form of existence of value is changed. If the commodities are not sold at their values, then the sum of the converted values remains unchanged; the plus on one side is a minus on the other.

The metamorphoses C—M and M—C are transactions between buyers and sellers; they require time to conclude their bargains, the more so as a struggle goes on in which each seeks to get the best of the other, and it is businessmen who face one another here; and “when Greek meets Greek then comes the tug of war.”* To effect a change in the state of being costs time and labour-

* A paraphrase of words from the 17th-century tragedy *The Rival Queens, or the Death of Alexander the Great* by Nathaniel Lee.—Ed.

PART II

THE TURNOVER OF CAPITAL

CHAPTER VII

THE TURNOVER TIME AND THE NUMBER OF TURNOVERS

We have seen that the entire time of turnover of a given capital is equal to the sum of its time of circulation and its time of production. It is the period of time from the moment of the advance of capital-value in a definite form to the return of the functioning capital-value in the same form.

The compelling motive of capitalist production is always the creation of surplus-value by means of the advanced value, no matter whether this value is advanced in its independent form, i.e., in the money-form, or in commodities, in which case its value-form possesses only ideal independence in the price of the advanced commodities. In both cases this capital-value passes through various forms of existence during its circular movement. Its identity with itself is fixed in the books of the capitalists, or in the form of money of account.

Whether we take the form $M \dots M'$ or the form $P \dots P$, the implication is (1) that the advanced value performs the function of capital-value and has created surplus-value; (2) that after completing its process it has returned to the form in which it began it. The self-expansion of the advanced value M and at the same time the return of capital to this form (the money-form) is plainly visible in $M \dots M'$. But the same takes place in the second form. For the starting-point of P is the existence of the elements of production, of commodities having a given value. The form includes the self-expansion of this value (C' and M') and the return to the original form, for in the second P the advanced value has again the form of the elements of production in which it was originally advanced.

We have seen previously: "If production be capitalistic in form, so, too, will be reproduction. Just as in the former the labour-process figures but as a means towards the self-expansion

CHAPTER VIII
FIXED CAPITAL AND CIRCULATING CAPITAL

I. DISTINCTIONS OF FORM

We have seen (Buch I, Kap. VI)* that, in relation to the products toward the creation of which it contributes, a portion of the constant capital retains that definite use-form in which it enters into the process of production. Hence it performs the same functions for a longer or shorter period, in ever repeated labour-processes. This applies for instance to industrial buildings, machinery, etc.—in short to all things which we comprise under the name of *instruments of labour*. This part of constant capital yields up value to the product in proportion as it loses its own exchange-value together with its own use-value. This delivery of value, or this transition of the value of such a means of production to the product which it helps to create is determined by a calculation of averages. It is measured by the average duration of its function, from the moment that the means of production enters into the process of production to the moment that it is completely spent, dead and gone, and must be replaced by a new sample of the same kind, or reproduced.

This, then, is the peculiarity of this part of constant capital, of the labour instruments proper:

A part of capital has been advanced in the form of constant capital, i.e., of means of production, which function as factors of the labour-process so long as they retain the independent use-form in which they enter this process. The finished product, and therefore also the creators of the product, so far as they have been transformed into product, is thrust out of the process of production and passes as a commodity from the sphere of production to the sphere of circulation. But the instruments of labour never leave the sphere of production, once they have

* English edition: Ch. VIII.—*Ed.*

CHAPTER IX

THE AGGREGATE TURNOVER OF ADVANCED CAPITAL. CYCLES OF TURNOVER

We have seen that the fixed and circulating component parts of productive capital are turned over in various ways and at various periods, also that the different constituents of the fixed capital of a business have different periods of turnover, depending on their different durabilities and therefore on their different times of reproduction. (On the real or apparent difference in the turnover of different constituents of circulating capital in the same business, see the close of this chapter, under 6.)

1) The aggregate turnover of an advanced capital is the average turnover of its various constituent parts; the mode of its calculation is given later. Inasmuch as it is merely a question of different periods of time, nothing is easier than to compute their average. But

2) We have here not alone quantitative but also qualitative difference.

The circulating capital entering into the process of production transfers its entire value to the product and must therefore be continually replaced in kind by the sale of the product, if the process of production is to proceed without interruption. The fixed capital entering into the process of production transfers only a part of its value (the wear and tear) to the product and despite this wear and tear continues functioning in the process of production. Therefore it need not be replaced in kind until the lapse of intervals of various duration, at any rate not as frequently as the circulating capital. This necessity of replacement, the reproduction term, is not only quantitatively different for the various constituent parts of fixed capital, but, as we have seen, a part of the perennial fixed capital, that which lasts longer, may be replaced annually or at shorter intervals and added

CHAPTER X

THEORIES OF FIXED AND CIRCULATING CAPITAL. THE PHYSIOCRATS AND ADAM SMITH

In Quesnay the distinction between fixed and circulating capital presents itself as *avances primitives* and *avances annuelles*. He correctly represents this distinction as one existing within productive capital, capital directly engaged in the process of production. As he regards the capital employed in agriculture, the capital of the farmer, as the only really productive capital, he draws these distinctions only for the capital of the farmer. This also accounts for the annual period of turnover of one part of the capital, and the more than annual (decennial) period of the other part. In the course of the development the physiocrats incidentally applied these distinctions also to other kinds of capital and to industrial capital in general. The distinction between annual advances and others of longer duration has retained such importance for society that many economists, even after Adam Smith, return to this definition.

The difference between these two kinds of advances does not arise until advanced money has been transformed into the elements of productive capital. It is a difference that exists solely within productive capital. It therefore never occurs to Quesnay to classify money either among the original or the annual advances. As advances for production, i.e., as productive capital, both of them stand opposed to money as well as the commodities existing in the market. Furthermore the difference between these two elements of productive capital is correctly reduced in Quesnay to the different manner in which they enter into the value of the finished product, hence to the different manner in which their values are circulated together with those of the products, and hence to the different manner of their replacement or their

CHAPTER XI
THEORIES OF FIXED AND CIRCULATING CAPITAL.
RICARDO

Ricardo introduces the distinction between fixed and circulating capital merely for the purpose of illustrating the exceptions to the rule of value, namely, cases where the rate of wages affects prices. The discussion of this point is reserved for Book III.*

But the original lack of clarity is apparent at the outset in the following immaterial juxtaposition: "This difference in the degree of durability of fixed capital, *and* this variety in the proportions in which the two sorts of capital may be combined."²⁵

And if we ask him which two sorts of capital he is referring to, we are told: "The proportions, too, in which the capital that is to support labour, and the capital that is invested in tools, machinery, and buildings, may be variously combined."²⁶ In other words, fixed capital equals instruments of labour and circulating capital equals capital laid out in labour. "Capital that is to support labour" is a senseless term culled from Adam Smith. On the one hand the circulating capital is here lumped together with the variable capital, i.e., with that part of productive capital which is laid out in labour. But on the other hand doubly erroneous definitions arise for the reason that the antithesis is not derived from the process of self-expansion of value—constant and variable capital—but from the process of circulation (Adam Smith's old confusion).

First: The differences in the degree of durability of fixed capital and the differences arising from capital being composed of constant and variable capital are conceived as being of equal significance. But the last-named difference determines the difference in the production of surplus-value; the first-named on the other hand, so far as the process of self-expansion is concerned, refers only to the manner in which a particular value is trans-

* Karl Marx, *Capital*, Vol. III, Ch. XI, pp. 196-200.—*Ed.*

²⁵ Ricardo, *Principles*, etc., p. 25.

²⁶ *Loc. cit.*

CHAPTER XII

THE WORKING PERIOD

Let us take two branches of business with working-days of equal length, say, of ten hours each, one of them a cotton spinning-mill, the other a locomotive works. In one of these branches a definite quantity of finished product, cotton yarn, is turned out daily or weekly; in the other, the labour-process has to be repeated for perhaps three months in order to manufacture a finished product, a locomotive. In one case the product is discrete in nature, and each day or week the same labour starts over again. In the other case the labour-process is continuous and extends over a rather great number of daily labour-processes which, in their inter-connection, in the continuity of their operation, bring forth a finished product only after a rather long period of time. Although the duration of the daily labour-process is the same here, there is a very marked difference in the duration of the productive act, i.e., in the duration of the repeated labour-processes required to get out a finished product, to market it as a commodity, hence to convert it from productive into commodity-capital. The distinction between fixed and circulating capital has nothing to do with this. The distinction indicated would exist even if the very same proportions of fixed and circulating capital were employed in both branches of production.

These differences in the duration of the productive act can be observed not alone between different spheres of production, but also within one and the same sphere of production, depending on the amount of product to be turned out. An ordinary dwelling house is built in less time than a large factory and therefore requires fewer continuous labour-processes. While the building of a locomotive takes three months, that of an armoured man-of-war requires one year or more. It takes nearly a year to produce grain and several years to raise big cattle, while timber-growing needs

CHAPTER XIII

THE TIME OF PRODUCTION

Working time is always production time, that is to say, time during which capital is held fast in the sphere of production. But vice versa, not all time during which capital is engaged in the process of production is necessarily working time.

It is here not a question of interruptions of the labour-process necessitated by natural limitations of the labour-power itself, although we have seen to what extent the mere circumstance that fixed capital—factory buildings, machinery, etc.—lies idle during pauses in the labour-process,* became one of the motives for an unnatural prolongation of the labour-process and for day-and-night work. We are dealing here rather with interruptions independent of the length of the labour-process, brought about by the very nature of the product and its fabrication, during which the subject of labour is for a longer or shorter time subjected to natural processes, must undergo physical, chemical and physiological changes, during which the labour-process is entirely or partially suspended.

For instance grape after being pressed must ferment awhile and then rest for some time in order to reach a certain degree of perfection. In many branches of industry the product must pass through a drying process, for instance in pottery, or be exposed to certain conditions in order to change its chemical properties, as for instance in bleaching. Winter grain needs about nine months to mature. Between the time of sowing and harvesting the labour-process is almost entirely suspended. In timber-raising, after the sowing and the incidental preliminary work are completed, the seed requires about 100 years to be transformed into a finished product and during all that time it stands in comparatively very little need of the action of labour.

In all these cases additional labour is drawn on only occasion-

* See: Karl Marx, *Capital*, Vol. I, pp. 256-63.—Ed.

CHAPTER XIV

THE TIME OF CIRCULATION

All circumstances considered so far which distinguish the periods of turnover of different capitals invested in different branches of industry and hence also the periods for which capital must be advanced, originate in the process of production itself, such as the difference between fixed and circulating capital, the difference in the working periods, etc. But the time of turnover of capital is equal to the sum of its production time plus its circulation, or rotation, time. It is therefore a matter of course that a difference in the time of circulation causes a difference in the time of turnover and hence in the length of the period of turnover. This becomes most evident either on comparing two different investments of capital in which all circumstances modifying the turnover are equal except the time of circulation, or on selecting a given capital with a given proportion of fixed and circulating capital, a given working period, etc., with only the times of circulation varying, hypothetically.

One of the sections of the time of circulation—relatively the most decisive—consists of the time of selling, the period during which capital exists in the state of commodity-capital. The time of circulation, and hence the period of turnover in general, are long or short depending on the relative length of this selling time. An additional outlay of capital may become necessary as a result of expenses of storage, etc. It is clear at the very start that the time required for the sale of finished goods may differ considerably for the individual capitalists in one and the same branch of industry. Hence it may differ not only for the aggregate capitals invested in the various branches of industry, but also for the various independent capitals, which are in fact merely parts of the aggregate capital invested in the same sphere of production but which have made themselves independent.

CHAPTER XV
EFFECT OF THE TIME
OF TURNOVER ON THE MAGNITUDE
OF ADVANCED CAPITAL

In this chapter and in the next, the sixteenth, we shall treat of the influence of the time of turnover on the self-expansion of capital.

Take the commodity-capital which is the product of a working period of, say, nine weeks. Let us, for the time being, leave aside that portion of the value of the product which is added to it by the average wear and tear of the fixed capital, and also the surplus-value added to the product during the process of production. The value of this product is then equal to that of the circulating capital, advanced for its production, i.e., of the wages and the raw and auxiliary materials consumed in its production. Let this value be £900, so that the weekly outlay is £100. The period of production, which here coincides with the working period, is therefore nine weeks. It is immaterial whether it is assumed that this is the working period of a continuous product, or whether it is a continuous working period for a discrete product, so long as the quantity of discrete product brought to market at one time costs nine weeks' labour. Let the time of circulation be three weeks. Then the entire period of turnover is twelve weeks. At the end of nine weeks the advanced productive capital is converted into commodity-capital, but now it stays for three weeks in the period of circulation. The new period of production therefore cannot start before the beginning of the thirteenth week, and production would be at a standstill for three weeks, or for a quarter of the entire period of turnover. It again does not make any difference whether it is assumed that it takes so long on an average to sell the product, or that this length of time is bound up with the remoteness of the market or the terms of payment for the goods sold.

CHAPTER XVI

THE TURNOVER OF VARIABLE CAPITAL

I. THE ANNUAL RATE OF SURPLUS-VALUE

Let us assume a circulating capital of £2,500 four-fifths of which, or £2,000, are constant capital (materials of production) and one-fifth, or £500, is variable capital invested in wages.

Let the period of turnover be 5 weeks: the working period 4 weeks, the period of circulation 1 week. Then capital I is £2,000, consisting of £1,600 of constant capital and £400 of variable capital; capital II is £500, £400 of which are constant and £100 variable. In every working week a capital of £500 is invested. In a year of 50 weeks an annual product of 50 times 500, or £25,000, is manufactured. Capital I of £2,000, constantly employed in the working period, is therefore turned over $12\frac{1}{2}$ times. $12\frac{1}{2}$ times 2,000 makes £25,000. Of these £25,000 four-fifths, or £20,000, are constant capital laid out in means of production, and one-fifth, or £5,000, is variable capital laid out in wages. The total capital of £2,500 is thus turned over $\frac{25,000}{2,500}$, or 10, times.

The variable circulating capital expended in production can serve afresh in the process of circulation only to the extent that the product in which its value is reproduced has been sold, converted from a commodity-capital into a money-capital, in order to be once more laid out in payment of labour-power. But the same is true of the constant circulating capital (materials of production) invested in production, the value of which reappears in the product as a portion of its value. What these two portions—the variable and the constant part of the circulating capital—have in common and what distinguishes them from the fixed capital is not that the value transferred from them to the product is circulated by the commodity-capital, i.e., through the circulation of the product as a commodity. One portion of

CHAPTER XVII

THE CIRCULATION OF SURPLUS-VALUE

We have just seen that a difference in the period of turnover causes a difference in the annual rate of surplus-value, even if the mass of the annually produced surplus-value is the same.

But there are furthermore necessarily differences in the capitalisation of surplus-value, in *accumulation*, and also in the quantity of surplus-value produced during the year, while the rate of surplus-value remains the same.

To begin with, we note that capital A (in the illustration of the preceding chapter) has a current periodical revenue, so that with the exception of the period of turnover inaugurating the business, it pays for its own consumption within the year out of its production of surplus-value, and need not cover it by advances out of its own funds. But the latter has to be done in the case of B. While it produces as much surplus-value in the same intervals of time as A, the surplus-value is not realised and therefore cannot be consumed either productively or individually. So far as individual consumption is concerned, the surplus-value is anticipated. Funds for that purpose must be advanced.

One portion of the productive capital, which it is difficult to classify namely the additional capital required for the repair and maintenance of the fixed capital, is now likewise seen in a new light.

In the case of A this portion of capital is not advanced—in full or for the greater part—at the beginning of production. It need not be available or even in existence. It comes out of the business itself by a direct transformation of surplus-value into capital, i.e., by its direct employment as capital. A part of the surplus-value which is not only periodically generated but also realised during the year can defray the expenditures that must

PART III

THE REPRODUCTION AND CIRCULATION OF THE AGGREGATE SOCIAL CAPITAL

CHAPTER XVIII³⁴

INTRODUCTION

I. THE SUBJECT INVESTIGATED

The direct process of the production of capital is its labour and self-expansion process, the process whose result is the commodity-product and whose compelling motive is the production of surplus-value.

The process of reproduction of capital comprises this direct process of production as well as the two phases of the circulation process proper, i.e., the entire circuit which, as a periodic process—a process which constantly repeats itself in definite periods—constitutes the turnover of capital.

Whether we study the circuit in the form of $M \dots M'$ or that of $P \dots P$, the direct process of production P itself always forms but one link in this circuit. In the one form it appears as a promoter of the process of circulation; in the other the process of circulation appears as its promoter. Its continuous renewal, the continuous re-appearance of capital as productive capital, is in either case determined by its transformations in the process of circulation. On the other hand the continuously renewed process of production is the condition of the transformations which the capital undergoes ever anew in the sphere of circulation, of its alternate appearance as money-capital and commodity-capital.

Every individual capital forms, however, but an individualised fraction, a fraction endowed with individual life, as it were, of the aggregate social capital, just as every individual capitalist is but an individual element of the capitalist class. The movement of the social capital consists of the totality of the movements of its individualised fractional parts, the turn-

³⁴ From Manuscript II.—*F. E.*

CHAPTER XIX³⁵

FORMER PRESENTATIONS OF THE SUBJECT

I. THE PHYSIOCRATS

Quesnay's *Tableau Economique* shows in a few broad outlines how the annual result of the national production, representing a definite value, is distributed by means of the circulation in such a way that, other things being equal, simple reproduction, i.e., reproduction on the same scale, can take place. The starting-point of the period of production is properly the preceding year's harvest. The innumerable individual acts of circulation are at once brought together in their characteristic social mass movement—the circulation between great functionally determined economic classes of society. We are here interested in the following: A portion of the total product—being, like every other portion of it, a use-object, it is a new result of last year's labour—is at the same time only the depository of old capital-value re-appearing in the same bodily form. It does not circulate but remains in the hands of its producers, the class of farmers, in order to resume there its service as capital. In this portion of the year's product, the constant capital, Quesnay includes impertinent elements, but he strikes upon the main thing, thanks to the limitations of his horizon, within which agriculture is the only sphere of investment of human labour producing surplus-value, hence the only really productive one from the capitalist point of view. The economic process of reproduction, whatever may be its specific social character, always becomes intertwined in this sphere (agriculture) with a natural process of reproduction. The obvious conditions of the latter throw light on those of the former, and keep off a confusion of thought which is called forth by the mirage of circulation.

³⁵ Beginning of Manuscript VIII.—F. E.

CHAPTER XX
SIMPLE REPRODUCTION

I. THE FORMULATION OF THE QUESTION

If we study⁴² the annual function of social capital—hence of the total capital of which the individual capitals form only fractional parts, whose movement is their individual movement and simultaneously integrating link in the movement of the total capital—and its results, i.e., if we study the commodity-product furnished by society during the year, then it must become apparent how the process of reproduction of the social capital takes place, what characteristics distinguish this process of reproduction from the process of reproduction of an individual capital, and what characteristics are common to both. The annual product includes those portions of the social product which replace capital, namely social reproduction, as well as those which go to the consumption-fund, those which are consumed by labourers and capitalists, hence both productive and individual consumption. It comprises also the reproduction (i.e., maintenance) of the capitalist class and the working-class, and thus the reproduction of the capitalist character of the entire process of production.

It is evidently the circulation formula $C' - \begin{cases} M-C \dots P \dots C' \\ m-c \end{cases}$ which we have to analyse, and consumption necessarily plays a role in it; for the point of departure, $C' = C + c$, the commodity-capital, embraces both the constant and variable capital-value, and the surplus-value. Its movement therefore includes both individual and productive consumption. In the circuits $M-C \dots P \dots C' - M'$ and $P \dots C' - M' - C \dots P$, the movement of the *capital* is the starting and finishing point. And of course this includes consumption, for the commodity, the product, must be

⁴² From Manuscript II.—*F. E.*

CHAPTER XXI⁵⁷

ACCUMULATION AND REPRODUCTION ON AN EXTENDED SCALE

It has been shown in Book I how accumulation works in the case of the individual capitalist. By the conversion of the commodity-capital into money the surplus-product, in which the surplus-value is represented, is also turned into money. The capitalist reconverts the so metamorphosed surplus-value into additional natural elements of his productive capital. In the next cycle of production the increased capital furnishes an increased product. But what happens in the case of the individual capital must also show in the annual reproduction as a whole, just as we have seen it happen on analysing simple reproduction, namely, that the successive precipitation—in the case of individual capital—of its used-up fixed component parts in money which is being hoarded, also finds expression in the annual reproduction of society.

If a certain individual capital is equal to $400_c + 100_v$, and the annual surplus-value is equal to 100, then the commodity-product amounts to $400_c + 100_v + 100_s$. These 600 are converted into money. Of this money, again, 400_c are converted into the natural form of constant capital, 100_v into labour-power, and—provided the entire surplus-value is being accumulated— 100_s are converted besides into additional constant capital by transformation into natural elements of the productive capital. It is assumed in this case: 1) that this amount is sufficient under the given technical conditions either to expand the functioning constant capital or to establish a new industrial business. But it may also happen that surplus-value must be converted into money and this money hoarded for a much longer time before this process, i.e., before real accumulation, expansion of production, can take place;

⁵⁷ From here to the end Manuscript VIII.—F.E.

NAME INDEX

A

- Adams, William* (1797-1872)—174, 175.
Alembert d', Jean le Rond (1717-1783)—80.
Arrivabene, Giovanni (1787-1881)—442.

B

- Bailey, Samuel* (1791-1870)—109, 510.
Bakewell, Robert (1725-1795)—241.
Barton, John (the end of the 18th, and the beginning of the 19th century)—230, 231.
Bessemer, Henry, Sir (1813-1898)—243.

C

- Carey, Henry Charles* (1793-1879)—360.
Chalmers, Thomas (1780-1847)—158.
Cherbuliez, Antoine Elisée (1797-1869)—395.
Chuprov, A. I. (1842-1908)—54.
Corbet, Thomas—141.
Courcelle-Seneuil, Jean Gustave (1813-1892)—243.

D

- Destutt de Tracy, Antoine Louis Claude, Comte* (1754-1836)—448, 484, 485, 486, 487, 488, 489, 490, 491, 492.
Drummond, V.A.W. (1833-1907)—519, 520.
Dupont de Nemours, Pierre Samuel (1739-1817)—194.

E

- Edmonds, Thomas* (1803-1889)—14.

F

- Fitzmaurice*—182.
Fullarton, John (1780-1849)—502.

G

- Gooch, T.*—182.
Good, W. Walter—239.

H

- Hodgskin, Thomas* (1787-1869)—14, 246.
Holdsworth, W. A.—176, 180

K

- Kirchhof, Friedrich*—182, 244, 248, 249, 251, 259.
Kozak, Theophil—6.

L

- Lalor, John* (1814-1856)—143, 145, 146.
Lardner, Dionysius (1793-1859)—173, 174, 182, 183, 184.
Lassalle, Ferdinand (1825-1864)—8.
Laveleye, Emile Louis Victor de (1822-1892)—247.
Lavergne, Léonce de (1809-1880)—241.
Lavoisier, Antoine Laurent (1743-1794)—15, 16, 17.
Le Trosne, Guillaume François (1728-1780)—194.
Linguet, Simon Nicolas Henry (1736-1794)—364.
List, Friedrich (1789-1846)—7.

M

- Mably, Gabriel Bonnot de* (1700-1785)—364.
MacCulloch, John Ramsay (1789-1864)—12, 251, 394.

INDEX OF AUTHORITIES

QUOTED IN *CAPITAL*, VOLUME II

I. AUTHORS

lles et agricoles ou Manuel des affaires, 2 éd., Paris, 1857.—243.

A

ADAMS, W. B. *Roads and Rails and Their Sequences, Physical and Moral*. London, 1862.—174, 175,

B

(BAILEY, Samuel.) *A Critical Dissertation on the Nature, Measures, and Causes of Value; Chiefly in Reference to the Writings of Mr. Ricardo and His Followers. By the Author of Essays on the Formation and Publication of Opinions, etc.* London, 1825.—109.

BARTON, John. *Observations on the Circumstances Which Influence the Condition of the Labouring Classes of Society*. London, 1817.—230.

C

CHALMERS, Thomas. *On Political Economy in Connection with the Moral State and Moral Prospects of Society*. 2nd ed., Glasgow, 1832.—158.

CHUPROV, A. *Railroading*, Part 1. Moscow, 1875. (А. Чупров. Железнодорожное хозяйство.)—54.

CORBET, Thomas. *An Inquiry into the Causes and Modes of the Wealth of Individuals; or the Principles of Trade and Speculation Explained*. London, 1841.—141.

COURCELLE-SENEUIL, J. G. *Traité théorique et pratique des entreprises industrielles, commercia-*

D

DESTUTT DE TRACY, Antoine. *Eléments d'idéologie*. IV^e et Ve Parties. *Traité de la volonté et de ses effets*. Paris, 1826.—484-492.

DUPONT DE NEMOURS, Pierre Samuel. *Maximes du docteur Quesnay, ou Résumé de ses principes d'économie sociale*. In: *Collection des principaux Economistes*. V. II. *Physiocrates*. Partie I. Ed. Dairo. Paris, 1846—194.

G

GOOD, W. Walter. *Political, Agricultural and Commercial Fallacies*. London, 1866.—239, 240.

H

HODGSKIN, Thomas. *Popular Political Economy*. London, 1827.—246.

HOLDSWORTH, W. A. *The Law of Landlord and Tenant*. London, 1857.—176, 180.

K

KIRCHHOF, Friedrich. *Handbuch der landwirtschaftlichen Betriebslehre. Ein Leitfaden für praktische Landwirthe zur zweckmässigen Einrichtung und Verwaltung der Landgüter*. Dresden, 1852.—182, 244, 248-51, 259.

- Ricardoschen Lehre von der Gruntrente und Begründung einer neuen Rententheorie.* Berlin, 1851.—7, 8.
- Zur Erkenntniß unsrer staatswirtschaftlichen Zustände.* Heft I. Neubrandenburg und Friedland, 1842.—6, 11, 19
- ROSCOE, H. F. und C. SCHORLEMER. *Ausführliches Lehrbuch der Chemie.* Bd. I. Braunschweig, 1887.—15.

S

- SAY, Jean Baptiste *Traité d'Economie Politique, ou simple Exposition de la Manière dont se forment, se distribuent et se consomment les Richesses.* 3 éd., 2 v. Paris, 1817.—153, 394.
- SENIOR, Nassau William. *Principes Fondamentaux de l'Economie Politique.* Trad. J. Arrivabene. Paris, 1836.—442
- SISMONDI, J. C. L. *Simonde de. Nouveaux Principes d'Economie Politique ou de la Richesse dans ses Rapports avec la Population.* T. I. Paris, 1819.—18, 114.
- SMITH, Adam. *An Inquiry into the Nature and Causes of the Wealth of Nations.* Ed. Aberdeen, 1848.—9, 143, 194-217, 364-71, 374-77, 380, 381, 384, 392, 479-80.

SOETBEER, Adolf. *Edelmetall-Produktion und Werthverhältniss zwischen Gold und Silber seit der Entdeckung Amerika's bis zur Gegenwart.* Ergänzungsschrift Nr. 75 zu "Petermann's Mittheilungen." Gotha, 1879.—474.

STORCH, Henri. *Cours d'Economie Politique; ou Exposition des principes qui déterminent la prospérité des nations.* Tome 2. St. Petersburg, 1815.—395.

—*Considérations sur la nature du revenu national.* Paris, 1824.—395, 438.

T

THOMPSON, William. *An Inquiry into the Principles of the Distribu-*

tion of Wealth, Most Conducive to Human Happiness. London, 1850.—14, 326-28.

TOOKE, Th. *An Inquiry into the Currency Principle; the Connection of the Currency with Prices, and the Expediency of a Separation of Issue from Banking.* London, 1844—460.

TURGOT, A. R. J. *Réflexions sur la formation et la distribution des richesses.* (1766). In: *Oeuvres*, éd. Daire, v. I. Paris, 1844.—194, 346, 364.

TYLOR, E. B. *Researches into the Early History of Mankind and the Development of Civilisation.* London, John Murray, 1865.—443.

W

WAYLAND, Francis. *The Elements of Political Economy.* Boston, 1843.—229.

WILLIAMS, R. P. *On the Maintenance and Renewal of Permanent Way.* Minutes of proceedings of the Institution of civil engineers; with abstracts of the Discussions V. XXV, London, 1866.—173, 183.

II. ANONYMOUS

Manara Dharma Sastra, or the Institutes of Manu according to the gloss of Kulluka, comprising the Indian system of duties, religious and civil. Verbally translated from the original, with a preface by Sir William Jones, and collated with the Sanskrit text, by Graves Chamney Haughton, esq. M.A.F.R.S., etc., etc.; Prof. of Hindu literature in the East India College. 3. ed. Madras, 1863.—241.

The Source and Remedy of the National Difficulties, Deduced from Principles of Political Economy, in A letter to Lord John Russell. London, 1821.—12.

SUBJECT INDEX

A

Accumulation of capital:

- as aim and compelling motive of industrial capital—59, 507;
- hoarding as factor of accumulation—79, 85-86, 123, 477, 493;
- as a means to expand production of surplus-value—80, 123;
- as capitalisation of surplus-value—82;
- accumulation of money-capital in bank deposits and securities—86, 123;
- money reserve fund—86, 167, 175, 324, 351, 453;
- and growth of productive power of labour—360;
- necessity of accumulation under capitalism—498-99;
- simple reproduction as an actual factor of—396-99;
- expenditure of surplus-labour in accumulation—500;
- extension of business without accumulation—504;
- rate of accumulation—524.

Advanced capital:

- minimum magnitude of—81, 85, 86, 110, 123, 262;
- time for which fixed capital is advanced—165, 171;
- and capital-value turned over annually—187;
- and terms of payment—191;
- and distribution of social surplus-value—220;
- and duration of productive acts—232, 233, 236;
- and length of working period—235, 320;
- and credit system—237, 238;
- and interruptions in working period—244-45;

- money-form of—257, 259-60, 268, 346, 361;
- advancement of variable capital—302, 382, 383;

Agriculture:

- commodity character of farmer's economy—118;
- natural economy—118, 119;
- production of raw materials—146;
- expansion of production—176;
- Quesnay on capital employed in—193;
- taxes and rent are detrimental to—238-39;
- working period in—239, 244;
- difference between production time and working time in—244, 245, 246, 250;
- condition of agricultural labourer—245;
- shortening of turnover time in—246-48;
- production time and forestry—247-48, 250;
- turnover cycle in—251;
- economic and natural process of reproduction in—363;
- employment of labour-power in—454, 485;
- reproduction of constant capital in—525.

See also *Cattle-breeding*.

Anarchy of capitalist production:

- and waste of productive forces—175;
 - and disturbances in production—319;
 - and over-production—473;
 - and crises—499.
- See also *Crises*.

Arabs. Effect of world trade on—35.

- unproductive expenses (*faux frais*) of—134, 139, 142, 152, 350;
 - and credit—350;
 - and condition of working-class—414-15;
 - and foreign trade—474;
 - accidental character of balance in—499;
 - method of analysing—512, 513;
 - Cattle-breeding*—239, 241, 249, 250;
 - use of replacement-fund to expand production in—176;
 - means of reducing working period in—241, 246, 247, 248.
- See also *Agriculture*.

Centralisation of capitals:

- one-sided accumulation and centralisation of money-capital, and productive capital—354;
- scale of production and—360;
- as a changed distribution of individual capitals—360;

China:

- effect of capitalist world trade on—36;
- Chinese artisans—105;
- commodity production of Chinese peasants—113.

Circuit of capital:

- purpose and outcome of—47, 58, 103;
- interruptions in circuit of capital—50, 106;
- fixation of capital for certain lengths of time in various phases of—50;
- as a unity of circulation and production—60, 103, 106;
- disturbances in it and reserve fund—87;
- three formulas of—103;
- as unity of its three forms—103, 106-07;
- and its turnover—158, 311;
- in production of precious metals—331;
- circuit of social capital—356, 358;

Circulation:

- production of commodities and circulation of commodities—33;

- of commodities under capitalism—33, 35, 61, 129, 393;
 - of surplus-value and capital-value—42, 44, 68-69;
 - of capital as part of general circulation of commodities—60-61, 71;
 - within the circuit of productive capital—65-66;
 - of surplus-value in simple reproduction—67, 68, 71-72;
 - and formation of a fund for purchase and payment—78;
 - money-capital and speed of—112;
 - of industrial capital and world-market—113;
 - process of circulation and development of commodity production—113-14;
 - amount of money required for—116, 288, 329, 333, 335-36, 345, 349;
 - as a phase of reproduction process—129, 131, 355;
 - and formation of supply—147, 148, 151;
 - of portion of capital-value fixed in instruments of labour—161, 166;
 - commodity-capital and money-capital as capital of circulation—196, 198, 209;
 - improvement in means of transportation and time of—255, 256;
 - of money and wages—418, 482;
 - credit and metallic circulation—504.
- See also *Exchange*.

Circulating capital:

- money-form of—87, 286;
- circulation of capital-value—161, 171;
- difference between it and fixed capital—161, 164, 171, 192, 199-200, 204, 283;
- time for which it is advanced—169;
- additional investment of—235, 240, 263;
- and methods to reduce time of turnover in agriculture—246-48;

—and minimum size of capital investment—262.

Concentration:

—and costs of book-keeping—137;
—social concentration of supplies—146;
—of transport industry—153;
—concentration in era of developed capitalism—237, 254;
—and credit—239, 497;
—of centres of production and markets—254;
—of money-capital in form of banks—417.

Constant capital:

—Division of capital into fixed and circulating and difference between variable and constant capital—217, 222;
—difference in turnover of constant and variable part of circulating capital—297;
—employed and consumed in production—400;
—production of new constant capital—369, 430, 442;
—as part of value of commodity-capital it helped to produce—525.

Consumption:

—productive consumption—25, 34, 43, 49, 57-58, 59, 76, 77-78, 160-61;
—of the labourer and reproduction of labour-power—35, 59-60, 95, 211, 356;
—pre-capitalist modes of production and—36;
—individual consumption of labourer as condition of productive consumption—59-60, 77-78, 95, 167, 211, 356;
—individual consumption of capitalist and simple reproduction—66-67, 413, 415;
—vulgar political economy sees in consumption the purpose of capitalist production—70;
—and crises of over-production—77, 78, 414-15;

—as condition of the circuit of commodity-capital—99, 397;
—individual consumption-fund—95, 211, 372-73.
See also *Use-value*.

Co-operation:

—and increase in productive power of labour—144;
—and working period—237-38.

Costs of circulation:

—and value of commodities—131-32, 138, 148, 151,
—and exploitation of workers employed in trade—133-34;
—cost of book-keeping—136;
—money and—137, 350;
—unproductive expenses and enrichment of individual capitalists—139;
—and commodity-supply—140, 141, 146-47, 150;
—replacement of unproductive expenses—151.
—productive character of costs of transportation—151-52.

Credit:

—Money-economy and credit-economy—119;
—and supply—145;
—and wrapping of real movement of reproduction in mystery—151;
—development of—185, 237, 325, 350, 361;
—development of, and functioning of money as capital—185, 502;
—development of, and advancing of other people's capital—238;
—and concentration of capital—239, 497;
—and different usances—256-57;
—use of fluxes and refluxes of money as auxiliary means of—483;
—and metallic circulation—504.
Credit system—See *Credit*.

Crises:

—Explanation of crises by under-consumption of working-class—18, 414;

- and prolongation of turnover time—240;
- and reduction of production time—243;
- replacement of—173, 186, 453-56. See also *Circulating capital, Productive capital.*

Foreign trade—See *Trade.*

G

Gold:

- production of—48, 330, 474-75;
- circuit of capital in production of precious metals—57, 331-32;
- expenditure of labour-power and social means of production for production of gold and silver as circulating media—350, 361;
- annual reproduction of gold and silver—474.

See also *Money.*

Ground rent—See *Rent.*

H

Hoard—See *Money.*

I

India:

- effect of capitalist world commerce on—35-36;
- commodity production of Indian ryots—113;
- book-keeping in Indian community—137.
- influence of American Civil War on Indian economy—144;
- famine of 1866—144;
- famine and cattle-breeding in—240-41;
- trade and credit relations with England—256;
- export of English cotton goods and yarn to—321-22.

Industrial Capital:

- definition of, and forms of its circuit—50, 82;
- and capitalist character of production—57, 61.

- and other kinds of capital—57;
- and money-capital—110;
- circuit of, and commodity circulation—112-13;
- world-market and circulation of—113, 118;
- its extended operation without changing its magnitude—510.

Insurance:

- insurance companies—140;
- insurance of destructions—180;
- insurance-fund intended for re-production—368.

Instruments of labour—See *Means of production.*

J

Joint-stock capital:

- as part of social capital—99, 437;
- nature of stocks—165-66, 353;
- joint-stock companies as associated capitalists—237, 481;
- house-building stock companies—237-38;
- stock companies and money-market—361;
- circulation of titles of ownership in shape of stocks—165-66, 214.

L

Labour:

- and creation of value—16, 18, 20, 29, 390;
- and labour-power—17-20, 119;
- forced—32, 237, 390, 483;
- surplus-labour is gratuitous labour performed for capital—37;
- capitalist society and wage-labour—108, 120, 348;
- character of labour performed in sphere of circulation—132-35;
- labour-process is measured by time—302.
- two-fold character of labour—381, 387.

See also *Productive power of labour*

- revolutions in instruments of labour—173, 188;
- more effective use of instruments of labour without additional outlay of money—359;
- products of department I and revenue—369-70, 372.

Means of subsistence:

- Classification of means of subsistence of labourers by Adam Smith as circulating capital—215;
- consumed by labourer and capitalist—229;
- consumer necessities and articles of luxury—407, 415;
- crisis and consumption of luxuries—414;
- consumption of necessities of life by unproductive labourers—414.

Mercantilism:

- Explanation of surplus-value—8;
- preaching of productive consumption—59-60;
- circuit of money-capital as basis of—61-62, 100-01;
- production of commodities as necessary element in—61-62.

Merchant's capital:

- wholesale trade and mass production—76, 113;
- and commodity production—113;
- its functions and economy of working time of society—134;
- exploitation of trade workers—133-35.

See also *Purchase and sale, Trade.*

Money:

- commodity and—17, 29, 48, 358-59;
- transformation into capital—16-17, 30-31, 36, 46;
- functions of money and functions of capital—28, 31, 46, 78;
- as universal equivalent—29, 43, 44;
- precious metals as—38;
- and use-form of commodities—48, 58-59;

- money-making as compelling motive of capitalist production—58;
 - as form of existence of value—58, 59;
 - as form of hoard—67, 79, 80, 85, 151, 325, 329;
 - hoard formation and real accumulation—80, 85, 122, 325, 455, 476, 493;
 - credit-money during first epoch of capitalist production—114;
 - as means of payment—115, 190;
 - money-reserve as premise of money circulation—151;
 - credit system and hoarding—185;
 - amount required for circulation—115, 288, 329, 333, 335-36, 345, 348;
 - laws governing circulation of commodities and money—115, 333, 335-36;
 - circuit of money and its currency—346;
 - expenses of producing or buying money—361;
 - advanced by capitalists to serve circulation of their commodities—405, 461;
 - mass of circulating money and banks—417;
 - and wages—418;
 - quantity of money accumulated—477;
 - fluxes and refluxes of money and credit system—483;
 - and reproduction—494.
- See also *Circulation, Gold, Reserve fund.*

Money-capital:

- formula of its circuit—25;
- stages of its circuit—25-48, 50, 53;
- circuit of, and productive capital—34-35, 63-64.
- and commodity-capital—48, 50, 82;
- and industrial capital—50, 57, 82;
- circuit of, and compelling motive of capitalist production—58-59, 61, 99;
- circulation and circuit of—61;

- Adam Smith on surplus-value and its origin—8-9;
- Ricardo on value and surplus-value—11-12, 17, 221, 393;
- communism of Owen is based on Ricardo's economic theory—13;
- on purpose of capitalist production—70, 94;
- vulgar political economy gives out circulation of capital as its circuit—70-71;
- fetishism peculiar to—127, 227, 300;
- sees in circulation the source of self-expansion of value—127;
- confusion of categories of constant and variable capital with categories of fixed and circulating capital—163, 215, 220, 221, 228, 229, 441;
- confusion of properties of things as such with properties of capital—163, 205;
- confusion of money-capital and commodity-capital with circulating part of productive capital—169, 207;
- Adam Smith on fixed and circulating capital—193-217, 230, 364, 366;
- Ricardo on fixed and circulating capital—219-30;
- physiocrats and Adam Smith place labour of workers on a level with that of labouring cattle—215, 217, 364, 376;
- Ricardo's theory of profit—227;
- analysis of reproduction with physiocrats—364;
- analysis of reproduction with Adam Smith—364-92, 438-41;
- Smith's mistake as regards component parts of price of commodities—365, 373-74, 376-77, 392-94, 475;
- revenue as original source of exchangeable value in Adam Smith—375, 386, 391;
- identification of commodity production with capitalist production in Adam Smith—391;
- apologetic economists present labour-power as capital and labourer as capitalist—444;
- free-trade school confuses circulation of capital with exchange of commodities—498.
See also *Mercantilism, Physiocrats*
- Precious metals*—See *Gold, Money.*
- Price:*
 - of commodities and amount of money in circulation—115, 288, 328, 344;
 - market, prices and acts of purchase and sale—295, 320;
 - wages and price of production—342;
 - wage increases and rises in prices—344;
 - divergence of prices from values, and movement of social capital—396;
 - rise of prices in periods of prosperity—414.
- Production*—See *Capitalist mode of production.*
- Productive capital:*
 - and creation of value and surplus-value—28, 49-50, 76;
 - distribution of elements of production—32;
 - general formula of circuit of—85, 87-88;
 - productive consumption and circuit of—76;
 - formula of reproduction on an enlarged scale—81;
 - its division into fixed and circulating capital—161, 170, 192, 199, 201, 205;
 - capital of circulation as opposed to—194, 196, 198, 206;
 - difference in behaviour of its elements in labour-process—199-200;
 - constantly functioning quantity of—272;
 - multiplication of its elements without additional money-capital—358;
 - production of additional productive capital—501;

- and two departments of social product—372, 399-400;
 - and replacement of value and substance of component parts of social product—396, 397;
 - and hoarding—455;
 - annual reproduction of gold and silver—473-74.
- See also *Replacement of capital*.

Reproduction, simple:

- and individual consumption of capitalist—67, 71, 328, 400, 413, 415;
- and circulation of surplus-value—67, 68-71;
- and production of new constant capital-value—372, 430, 442;
- as an actual factor of accumulation—399;
- and two departments of social production—399;
- scheme of—400-01;
- proportions in—406, 412, 430, 435, 469, 523;
- and crises—471;
- and storing up of money—476;
- and reproduction on an extended scale—500, 509-10.

Reproduction on an extended scale:

- and increased individual consumption—77-78;
- and its proportions—79, 500, 518;
- and latent money-capital—79-80, 325;
- and productivity of labour—95, 96, 101;
- and fall in value of means of production—110;
- and accumulation—110, 324, 505;
- and money reserve fund for replacement of capital—175;
- extensive and intensive expansion of production—324;
- and simple reproduction—500, 509-10, 521;
- schemes of—509-526.

Reserve army of wage-labourers—
320, 414, 505, 517-18.

See also *Labour-power*.

Reserve-capital—See Supply.

Reserve fund:

- money-accumulation fund as—86;
- and surplus-value—87, 350;
- and bank deposits—348.

Revenue:

- net revenue and consumption fund—368;
- value of annual product of revenue of society—369, 372;
- derivative revenues—376;
- Adam Smith's erroneous views on—376, 392;
- and capital in Adam Smith—382-88;
- of labourer—382, 383-84, 385, 386, 391.

Russia:

- study by Marx of agrarian relations in Russia—3;
- transition from serf system to capitalism—33-34;
- landownership of village community—34;
- commodity production under serfdom—113;
- domestic industries in agriculture—244-45.

S

Serfdom:

- state production based on—113;
- labour of peasant serf—389-90;

Slavery:

- purchase and sale of slaves—32;
- commodity production based on—113, 117, 390;
- capital invested in purchase of labour-power under—482;
- and natural economy—483;
- direct physical compulsion under—483.

Social product:

- two departments of—372, 399-400;
- replacement of value and substance of component parts of—397: 398;

T

Technique:

- capitalist mode of production and revolutions in—37, 57, 109, 172, 187;
 - and expansion of production—79;
 - introduction of technical improvements and accumulation—122.
- See also *Machinery, Means of production.*

Time of circulation:

- and productive capital—126;
 - and sale—128, 252;
 - and change of prices—256.
- See also *Purchase and sale.*

Time of production:

- and period of labour-process—123, 124, 126, 242;
- and time of functioning of means of production—123-24;
- and velocity of turnover of capital—236, 243;
- difference between production time and working time in agriculture—244, 245, 246;
- and timber-growing—247-48.

Trade:

- development of, as premise of capitalist production—33, 36, 113;
 - effect of world trade on peoples of East—36;
 - as function of merchant's capital—113, 134, 135;
 - world trade and development of transportation facilities—255-56;
 - capitalist production and foreign trade—472, 474;
 - foreign trade and analysis of reproduction—474.
- See also *Market, Merchant's capital.*

*Trade unions—344.**Transport:*

- useful effect of transport industry—54, 162;
- production and consumption in transport industry—54, 162;

- exchange-value of useful effect of transportation—54;
- formula of circuit for transport industry—57;
- development of transport facilities and supplies—145;
- costs of transportation—151-55;
- transport industry as continuation of process of production within process of circulation—155;
- transport industry, an independent branch of production—155;
- moral depreciation in transport—173;
- development of, and new centres of production—253;
- development of, and turnover of capital—254, 255.

*Transport industry—See Transport.**Truck-system—512, 520.**Turnover of capital:*

- circuit and turnover of capital—158;
- turnover time—158-59;
- formula for number of turnovers—159;
- peculiarity of turnover of fixed capital—166;
- and difference between fixed and circulating capital—170, 192, 204, 282;
- different turnover times of different elements of fixed capital—172;
- aggregate turnover of advanced capital—186;
- turnover time of value of advanced capital and actual turnover time of its component parts—188;
- cycle of turnovers—188, 257;
- turnover of variable capital and circulating component of constant capital—202;
- velocity of turnover—236, 243, 255;
- reduction of turnover time in agriculture—246-48;
- time of selling and period of—252;
- and development of transportation—254;
- difference in turnover of constant and variable components of circulating capital—297;

—replacement of wear and tear—
457-61.

See also *Replacement*.

Worker, working-class—See *Classes*,
Labour-power.

Working-day:

- and working period—232;
- length of, and employment of
fixed capital—240;
- and production of surplus value—
389.

Working period:

- duration of, and investment of
circulating capital—233-34, 321;

—undertakings requiring a long
working period—235-36;

—means of reducing it—236, 237;

—advanced capital and reduction
of—237;

—means of reducing it in agricul-
ture—237-38;

—time of production and working
time—240-48;

—and fixed capital—280-81;

—reduction of, and productive sup-
ply—292;

—and material conditions of pro-
duction—320, 361.

World-market—See
Market, Trade.

Circulation,





