K. MARX

WAGES, PRICE *and* PROFIT

*

FOREIGN LANGUAGES PUBLISHING HOUSE

WORKERS OF ALL COUNTRIES, UNITE!

K. MARX

WAGES, PRICE *and* PROFIT

FOREIGN LANGUAGES PUBLISHING HOUSE
Moscow

PUBLISHER'S NOTE

The present edition of K. Marx's address is published under the title generally accepted in Soviet publications. The rough draft of the address kept in the archives of the Institute of Marxism-Leninism of the C.C. of the C.P.S.U. has no title.

This pamphlet is printed according to the text of the English edition of 1898 and checked with the rough draft written by Marx in English.

Printed in the Union of Soviet Socialist Republics

CONTENTS

Page

[PRELIMINARY]

Citizens,

Before entering into the subject-matter, allow me to make a few preliminary remarks.

There reigns now on the Continent a real epidemic of strikes, and a general clamour for a rise of wages. The question will turn up at our Congress. You, as the head of the International Association, ought to have settled convictions upon this paramount question. For my own part, I considered it, therefore, my duty to enter fully into the matter, even at the peril of putting your patience to a severe test.

Another preliminary remark I have to make in regard to Citizen Weston. He has not only proposed to you, but has publicly defended, in the interest of the working class, as he thinks, opinions he knows to be most unpopular with the working class.[1] Such an exhibition of moral

[1] John Weston, an English worker, maintained the thesis in the General Council of the International Working Men's Association that higher wages cannot improve the condition of the workers and that the trade unions must be considered as having a harmful effect.—*Ed.*

courage all of us must highly honour. I hope that, despite the unvarnished style of my paper, at its conclusion he will find me agreeing with what appears to me the just idea lying at the bottom of his theses, which, however, in their present form, I cannot but consider theoretically false and practically dangerous.

I shall now at once proceed to the business before us.

I [PRODUCTION AND WAGES]

Citizen Weston's argument rested, in fact, upon two premises: firstly, that the *amount of national production* is a *fixed thing*, a *constant* quantity or magnitude, as the mathematicians would say; secondly, that the *amount of real wages*, that is to say, of wages as measured by the quantity of the commodities they can buy, is a *fixed* amount, a *constant* magnitude.

Now, his first assertion is evidently erroneous. Year after year you will find that the value and mass of production increase, that the productive powers of the national labour increase, and that the amount of money necessary to circulate this increasing production continuously changes. What is true at the end of the year, and for different years compared with each other, is true for every average day of the year. The amount or magnitude of national production changes continuously. It is not a *constant* but a *variable* magnitude, and apart from changes in population it must be so, because of the continuous change in the *accumulation of capital* and the *productive powers of labour.* It is perfectly true that if a *rise in the general rate of wages* should take place to-day, that rise, whatever its ulterior effects might be, would *by itself,* not *immediately* change the amount of production. It would, in the first instance, proceed from the existing state of things. But if *before* the rise of wages the national production was *variable*, and not *fixed*, it will continue to be variable and not fixed *after* the rise of wages.

But suppose the amount of national production to be *constant* instead of *variable.* Even then, what our friend Weston considers a logical conclusion would still remain a gratuitous assertion. If I have a given number, say eight, the *absolute* limits of this number do not prevent its parts from changing their *relative* limits. If profits were six and wages two, wages might increase to six and profits decrease to two, and still the total amount remain eight. Thus the fixed amount of production would by no means prove the fixed amount of wages. How then does our friend Weston prove this fixity? By asserting it.

But even conceding him his assertion, it would cut both ways, while he presses it only in one direction. If the amount of wages is a constant magnitude, then it can be neither increased nor diminished. If then, in enforcing a temporary rise of wages, the working men act foolishly, the capitalists, in enforcing a temporary fall of wages, would act not less foolishly. Our friend Weston does not deny that, under certain circumstances, the working men *can* enforce a rise of wages, but their amount being naturally fixed, there must follow a reaction. On the other hand, he knows also that the capitalists *can* enforce a fall of wages, and, indeed, continuously try to enforce it. According to the principle of the constancy of wages, a reaction ought to follow in this case not less than in the former. The working men, therefore, reacting against the attempt at, or the act of, lowering wages, would act rightly. They would, therefore, act rightly in enforcing *a rise of wages*, because every *reaction* against the lowering of wages is an *action* for raising wages. According to Citizen Weston's own principle of the *constancy of wages*, the working men ought, therefore, under certain circumstances, to combine and struggle for a rise of wages.

If he denies this conclusion, he must give up the premise from which it flows. He must not say that the amount of wages is a *constant quantity,* but that, although it cannot and must not *rise*, it can and must *fall*, whenever capital pleases to lower it. If the capitalist pleases to feed you upon potatoes instead of upon meat, and upon oats instead of upon wheat, you must accept his will as a law of political economy, and submit to it. If in one country the rate of wages is higher than in another, in the United States, for example, than in England, you must explain this difference in the rate of wages by difference between the will of the American capitalist and the will of the English capitalist, a method which would certainly very much simplify, not only the study of economic phenomena, but of all other phenomena.

But even then, we might ask, *why* the will of the American capitalist differs from the will of the English capitalist? And to answer the question you must go beyond the domain of *will*. A parson may tell me that God wills one thing in France, and another thing in England. If I summon him to explain this duality of will, he might have the brass to answer me that God wills to have one will in France and another will in England. But our friend Weston is certainly the last man to make an argument of such a complete negation of all reasoning.

The *will* of the capitalist is certainly to take as much as possible. What we have to do is not to talk about his *will*, but to inquire into his *power*, the *limits of that power*, and the *character of those limits.*

II [PRODUCTION, WAGES, PROFITS]

The address Citizen Weston read to us might have been compressed into a nutshell.

All his reasoning amounted to this: If the working class forces the capitalist class to pay five shillings instead of four shillings in the shape of money wages, the capitalist will return in the shape of commodities four shillings' worth instead of five shillings' worth. The working class would have to pay five shillings for what, before the rise of wages, they bought with four shillings. But why is this the case? Why does the capitalist only return four shillings' worth for five shillings? Because the amount of wages is fixed. But why is it fixed at four shillings' worth of commodities? Why not at three, or two, or any other sum? If the limit of the amount of wages is settled by an economic law, independent alike of the will of the capitalist and the will of the working man, the first thing Citizen Weston had to do was to state that law and prove it. He ought then, moreover, to have proved that the amount of wages actually paid at every given moment always corresponds exactly to the necessary amount of wages, and never deviates from it. If, on the other hand, the given limit of the amount of wages is founded on the *mere will* of the capitalist, or the limits of his avarice, it is an arbitrary limit. There is nothing necessary in it. It may be changed *by* the will of the capitalist, and may, therefore, be changed *against* his will.

Citizen Weston illustrated his theory by telling you that when a bowl contains a certain quantity of soup, to be eaten by a certain number of persons, an increase in the broadness of the spoons would not produce an increase in the amount of soup. He must allow me to find this illustration rather spoony. It reminded me somewhat of the simile employed by Manenius Agrippa. When the Roman plebeians struck against the Roman patricians, the patrician Agrippa told them that the patrician belly fed the plebeian members of the body politic. Agrippa failed to show that you feed the members of one man by filling the belly of another. Citizen Weston, on his part, has forgotten that the bowl from which the workmen eat is filled with the whole produce of the national labour, and that what prevents them fetching more out of it is neither the narrowness of the bowl nor the scantiness of its contents, but only the smallness of their spoons.

By what contrivance is the capitalist enabled to return four shillings' worth for five shillings? By raising the price of the commodity he sells. Now, does a rise and more generally a change in the prices of commodities, do the prices of commodities themselves, depend on the mere will of the capitalist? Or are, on the contrary, certain circumstances wanted to give effect to that will? If not, the ups and downs, the incessant fluctuations of market prices, become an insoluble riddle.

As we suppose that no change whatever has taken place either in the productive powers of labour, or in the amount of capital and labour employed, or in the value of the money wherein the values of products are estimated, but *only a change in the rate of wages*, how could that *rise of wages* affect the *prices of commodities*? Only by affecting the actual proportion between the demand for, and the supply of, these commodities.

It is perfectly true that, considered as a whole, the working class spends, and must spend, its income upon *necessaries*. A general rise in the rate of wages would, therefore, produce a rise in the demand for, and consequently in the *market prices of*, *necessaries*. The capitalists who produce these necessaries would be compensated for the risen wages by the rising market prices of their commodities. But how with the other capitalists, who do *not* produce necessaries? And you must not fancy them a small body. If you consider that two-thirds of the national produce are consumed by one-fifth of the population—a member of the House of Commons stated it recently to be but one-seventh of the population—you will understand what an immense proportion of the national produce must be produced in the shape of luxuries, or be *exchanged* for luxuries, and what an immense amount of the necessaries themselves must be wasted upon flunkeys, horses, cats, and so forth, a waste we know from experience to become always much limited with the rising prices of necessaries.

Well, what would be the position of those capitalists who do *not* produce necessaries? For the *fall in the rate of profit,* consequent upon the general rise of wages, they could not compensate themselves by a *rise in the price of their commodities,* because the demand for those commodities would not have increased. Their income would have decreased, and from this decreased income they would have to pay more for the same amount of higher-priced necessaries. But this would not be all. As their income had diminished they would have less to spend upon luxuries, and therefore their mutual demand for their respective commodities would diminish. Consequent upon this diminished demand the prices of their commodities would fall. In these branches of industry, therefore, *the rate of profit would fall,* not only in simple proportion to the general rise in the rate of wages, but in the compound ratio of the general rise of wages, the rise in the prices of necessaries, and the fall in the prices of luxuries.

What would be the consequence of *this difference in the rates of profit* for capitals employed in the different branches of industry? Why, the consequence that generally obtains whenever, from whatever reason, the *average rate of profit* comes to differ in the different spheres of production. Capital and labour would be transferred from the less remunerative to the more remunerative branches; and this process of transfer would go on until the supply in the one department of industry would have risen proportionately to the increased demand, and would have sunk in the other departments according to the decreased demand. This change effected, the general rate of profit would again be *equalized* in the different branches. As the whole derangement originally arose from a mere change in the proportion of the demand for, and the supply of, different commodities, the cause ceasing, the effect would cease, and *prices* would return to their former level and equilibrium. Instead of being limited to some branches of industry, *the fall in the rate of profit* consequent upon the rise of wages would have become general. According to our supposition, there would have taken place no change in the productive powers of labour, nor in the aggregate amount of production, but *that given amount of production would have changed its form.* A