

# abc

OF SOCIAL AND  
POLITICAL  
KNOWLEDGE

WHAT IS

# Surplus Value?

T. VOLKOVA  
F. VOLKOV



**ABC of Social and Political Knowledge**

**Tatyana Volkova**  
**Felix Volkov**

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SURPLUS  
VALUE?**

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**Т. Волкова, Ф. Волков**

ЧТО ТАКОЕ ПРИБАВОЧНАЯ СТОИМОСТЬ?

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## **Introduction**

**E**very day we learn about remarkable new achievements in science, technology, and culture, about man's latest successes in his age-old struggle to master nature and develop human personality. Once a fairy-tale, space flights to other planets and the extensive use of lasers have become a reality in our time. Man has built powerful and highly effective machines and synthesised new types of high-strength materials not found in nature. Agriculture, too, has to a large extent been switched over to high-yield crops and highly productive livestock. All these achievements have opened unheard-of possibilities for raising people's living standards and

achieving a happy life for this generation on our planet.

On the other hand, we learn about the savage air bombing or artillery shelling of civilian population. We hear of those who, driven to despair, took their own lives for they could not find a job or any livelihood. We witness poverty and deprivation facing millions in capitalist society. Bourgeois governments continue to allocate money in billions upon billions to maintain huge armies and to develop new types of the most ruthless weapons—nuclear, chemical and bacteriological. Day in and day out, Palestinians and Lebanese patriots are killed in the Middle East and fighters against racism and apartheid—in the Republic of South Africa. Clouds are gathering over many freedom-loving nations. In the capitalist world, hunger coexists with deliberate destruction of many thousands of tons of foodstuffs; enormous wealth of an insignificant number of exploiters, with poverty of many hundreds of millions of workers and peasants; idling and extravagance, with exhausting labour. Today, just as in the last century, the development of production in the capitalist world is accompanied by a sense of insecurity and a growing threat of unemployment for many. Notwithstanding impressive achievements in science, there is still a

vast number of illiterates among the adult population. The more the workers and peasants toil, the bigger the share of the wealth they create that falls into the hands of capitalists and landlords. And this is happening in the second half of the 20th century, the era of atomic energy and space exploration!

What has caused these monstrous phenomena? What is sustaining and aggravating the consequent severe contradictions? There can be only one answer: the social order under which they take place, the system of capitalism.

Established in Western Europe as a result of bourgeois revolutions in the 17th to 19th centuries capitalism then spread its influence to all other continents. This social order of exploitation and oppression made capital the supreme ruler over the economy, science and culture, subjugating their development to the unquenchable thirst for enrichment, to unrestrained profit-seeking. The steadily growing surplus value is the chief goal and the key incentive for capitalist production. It shapes the basic features of capitalist economies; it is the very core of capitalism. As Karl Marx wrote in his *Capital*: "Capitalist production is not merely the production of commodities, it is essentially the production of surplus-value."<sup>1</sup>

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<sup>1</sup> Karl Marx, *Capital*, Vol. I, Progress Publishers, Moscow, 1974, p. 477.



Hence it is important to grasp the nature of surplus value, its origin, distribution and use. For this, we must look into basic principles and features of the capitalist economic system.

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## Chapter One

### CAPITAL AND COMMODITY PRODUCTION

**Commodity.** The universal and dominating character of commodity-money relations is the key feature of any capitalist economy. In capitalist society, practically everything becomes a commodity: fruit, machines, pins, industrial enterprises, newspapers, and millions of other things and articles. A person is literally surrounded by commodities. They are the most widespread and the most elementary units constituting the wealth of capitalist society. They are economic cells of capitalism.

By exchanging commodities, people enter into certain economic relationships: some as sellers, others as buyers. Commodity exchange is the most large-scale and com-

mon relationship in capitalist society. In any capitalist country, buying and selling, that is, commodity-exchange operations, occur daily millions of times.

What is a commodity?

Dealing with commodities every day, a person thinks of them first of all in terms of material things. Indeed, most of the commodities are material things: goods sold in a store, like clothes and footwear; machinery and equipment purchased by a factory to expand production; weapons purchased for the armies, etc. However, many things we get free are also material things—like berries and wild fruit picked in a forest, or all that is given as a present. These are things, yet not commodities. Hence it is not adequate to define a commodity simply as a thing.

Things as such are not commodities. They become so as people act upon them. To be a commodity, a thing must be produced for exchange, for sale. It follows that in identifying a commodity it is essential to say that a commodity is a product of labour which is delivered from the producer to the consumer not directly but through an exchange, through an act of purchase and sale. Commodity production has its origin in the 6th-5th millennia B. C. The two conditions that generated it were the social division of labour and private

ownership of the means of production.

With the transition to capitalism, commodity production acquired a universal and dominating character. At capitalist enterprises, all products of labour are goods for sale. Under capitalism, labour power is also a commodity.

**Use Value of a Commodity.** Every commodity is produced to satisfy a particular human want. For example, bread is the most widespread food. Meat, milk, fruit and vegetables also serve to satisfy man's requirements in food. Shoes, boots, shirts, trousers, suits, coats, etc., are produced to satisfy the requirements in clothes and footwear. Machines and other equipment serve to satisfy production necessities, and books, pictures, films, etc. are for man's cultural demands. It follows that the ability to satisfy human needs is a necessary and indispensable attribute of a commodity. This attribute is called the *use value* of a commodity. No one would think of buying a commodity that has no use value. No one would need it.

The use value of a commodity is a result of both its natural properties and the properties imparted to it by men in the labour process. For example, a knife cuts bread not only due to it being hard, which is natural for the metal it is made of, but also to the shape that man has given it in the process of its

production. Hence use value embodies both natural substance and labour expenditure. It is precisely nature and labour that produce use value. As far back as the 17th century, William Petty, a pioneer of bourgeois political economy, wrote that labour was the father of wealth while earth was its mother.

As human society develops, men understand better the properties of things and diversify their application. The use value of commodities therefore develops and becomes more diverse. Wood, once used to build dwellings and household utilities, has found many other applications—in the production of pulp-and-paper, artificial fibres, alcohol and in other industries. Oil, whose sole application was once as fuel, is now an indispensable chemical for the production of a multitude of synthetic materials.

Apart from commodities, there are other things that have use value. Such are the items produced in subsistence economies for the sole use of their producer, and also natural resources such as spring water, wild berries, mushrooms, etc. To understand what sets apart the use value of commodities from that of other things we must be aware of three important conditions.

First, the use value of a commodity satisfies not the wants of its producer but the wants of other members of society, the commo-

dity intended not for the person who has produced it but for the person who will buy it. A tailor makes a suit to sell it to the consumer; he does not intend it for his own use. Likewise, the use value of a lathe produced at a machine-building plant will satisfy a consumer enterprise's production need, not the need of the machine-building plant that produced it. In short, the use value of a commodity is what is intended for society, it is a *social* use value.

Second, the use value of a commodity is only realised after the exchange, the act of purchase and sale, has taken place. For example, the consumer can use an umbrella only after he has bought it. Until then, when the umbrella is still in the factory store-house or in the department store, its use value cannot be realised.

Third, the use value of a commodity is a materialised expression of value, which is another essential quality of the commodity.

**Value of a Commodity.** The term "value" is commonplace. If we try to identify in more precise terms the popular usage of this word, we shall see that the value of any commodity is first of all the expression of a definite exchange ratio. Let us take a closer look.

Every commodity is exchangeable for a certain sum of money. The same amount of money



buys different quantities of different goods. Say, the same money might buy one colour TV set, or 70 shirts, or a ton of apples. But if two or more goods are exchangeable for the same amount of money we may assume that they are, in a certain sense, equal. That is, they possess a common quality rendering them commensurable. This quality that all commodities have in common is not a chemical, or physical, or any other natural property, but the fact that they all are products of human labour. The production of any commodity, whether a coat, a radio set, an automobile, or a pencil, involves labour expenditure. Every commodity embodies labour; the labour input is therefore a measure for comparing commodities. Thus exchange of commodities is essentially the comparison of the amounts of labour embodied in them. It follows that *value* is, above all, the producer's labour embodied in a commodity.

This, however, is not a full enough definition of value. Labour is likewise expended in any subsistence economy, while the products of labour here are not commodities and therefore have no value. The products of a subsistence economy are consumed by the producer himself. They are not for sale.

In order to better understand the kind of labour embodied in commodities which serves as a measure to compare them, let us take

a closer look into labour consumption in the subsistence and the commodity economies.

In a subsistence economy, producers produce all they need themselves. They do not rely on exchange. A subsistence economy is an isolated economic unit. Meanwhile, commodity production implies division of labour among producers, each one making products not for his own consumption but for the buyer. Each producer buys the things he needs in the market, thus using other producers' labour.

All this goes to say that in commodity production close economic ties are maintained between producers. Although they are separated by the barrier of private ownership, the labour of each is tied up with the labour of others by a multitude of economic ties. The labour put into producing a lathe, for example, is inseparably linked with the labour of sewing-machine makers who use these lathes, and the labour of tailors who use these sewing-machines to make clothing. On the other hand, a lathe-maker's labour is linked with the labour of steel workers who have smelted the steel the lathes are made of and with the labour of the workers of other enterprises that have provided the necessary equipment. Furthermore, there are furnace-workers who have smelted cast iron, miners who have extracted iron ore and coal, coke-makers who have produced coke for steel

smelting. There are also chemists who have produced the paint for the lathes, joiners who have made the crates to pack the lathes in, workers of the power plant which has supplied the machine-building plant with electricity, etc. We have seen that in commodity production the lathe-maker's labour embodied in a lathe is at one and the same time his individual labour and a unit of the interrelated labour of all commodity producers, i. e., a unit of social labour. As such, it expresses economic relations, the connection between commodity producers. This is an indirect connection established through exchange. It is only through exchange, through equating the value of one commodity to another, that the social character of labour manifests itself. It is here that we find out whether society needs the labour of a particular tailor, farmer, or steed worker, i.e., whether this labour is recognised as a unit of social labour. If a commodity sells, the labour of its producer is recognised. If a commodity fails to sell, the labour embodied in it is not socially recognised, and is thus wasted—for the producer and society.

Summing up, value is producers' social labour embodied in a commodity. Value expresses relations of social production between commodity producers and manifests itself through exchange. Labour expenditure is the substance of value.