The Marxist School of Sacramento
***Capital* Reading Group**

Capital, Volume One
Glossary

Absolute Surplus-Value: Absolute surplus-value is that surplus-value produced by the lengthening of the working day. It is increasing the social (total) labour-time while holding the part devoted to paid labour constant. That is, absolute surplus-value arises from increasing surplus-value (s) (or surplus labour-time) relative to a given or fixed amount of variable capital (v) (or necessary labour-time). Assuming a fixed or given value of labour-power (i.e., wages, or the duration of necessary labour-time), absolute surplus-value is produced by increasing the duration of surplus labour-time; it is the extra value produced when workers labour for more hours for the same wages.

Abstract Labour: Abstract labour is the common quality (human labour in general) of different kinds of labour embedded in different kinds of commodities. Concrete labour (i.e., a specific kind of work) produces concrete use-values (i.e., a specific kind of object). But when commodities (e.g., linen and coats) are exchanged, the different kinds of concrete labour (e.g., weaving and tailoring) are reduced to the characteristic they have in common of being human labour in general-i.e., they are reduced to abstract labour. As use-values (i.e., the natural form of commodities), commodities contain specific kinds of concrete labour, while as values (i.e., the value form of commodities, resulting when commodities are exchanged), commodities contain generalized, undifferentiated human labour, or abstract labour.

Capital: Capital is used by Marx both to express the broader historical, metabolic processes of capitalism, including the social class relationship of capitalist to worker, and to represent the money advanced in production. Capital (C) advanced in production is made up of two components, constant capital (c) and variable capital (v); so C = c + v. When the process of production is finished, the initial commodities C (means of production and labour-power) have been transformed into new commodities, C', whose value is now (c + v) + s, where s is surplus-value; so C' _(c + v) + s. The complete circuit of money capital (M-C-M') can now be
expanded to:

$$M\text{–}C \left\langle \begin{matrix} MP \\ L \end{matrix} \right\} = P\text{–}C'\text{–}M'$$

where money is advanced for commodities (MP, means of production; and L, labour-power) which are thrown into production (P) to create new commodities (C'), which are then sold for M' (where M' > M), preserving the value of the constant capital (c = the value of MP), replenishing the funds advanced for variable capital (v = the value of L, or wages), and productive of a surplus-value (s). Since money becomes capital only when it is advanced by a capitalist for production, and since capital advanced for production generates surplus-value, capital is said to be "self-expanding value." Marx also shows that all capital is accumulated surplus-value or unpaid labour in the hands of capitalists.

C-M-C: C-M-C is the formula for the circulation of commodities, i.e., the transformation of commodities (C) into money (M) and the reconversion of money (M) into commodities (C). That is, it is selling in order to buy. Marx shows how surplus-value and profits do not and cannot arise simply from the equal exchange relationships in the circulation of commodities.

Commodity: A Commodity is a product of labour which satisfies a human need of any kind and which is produced for exchange rather than to satisfy the needs of the producer. A commodity is both a use-value and an exchange-value. In order to become a commodity, a product must be transferred from the producer to another person, for whom it serves as a use-value, through the medium of exchange.

Commodity Fetishism: Commodity fetishism is the "mysterious" or enigmatic character of the products of labour, as soon as they assume the form of commodities. It is the "mystical, fantastic, or religious" belief that commodities (the products of labour) are endowed with the value properties. As use-values, there is nothing mysterious about commodities or the concrete labour devoted to their production. However, as values (i.e., when commodities are exchanged), commodities reflect the social characteristics of human labour as the objective characteristics of the products of labour themselves. Commodity fetishism is this appearance of the social relations among people as a relation between things. Commodity fetishism exists because the money form of commodities (as exchanged in markets) conceals the social character of labour and the social relations between workers, making those relations appear as relations between material objects.

Composition of Capital: The composition of capital refers to the relative portions of "capital and labour" in capitalist production. The technical composition of capital is the relation between the mass of the means of production employed and the mass of labour necessary for their employment (the relation of factories, machines, and raw materials, on the one hand, and the living labour-power, on the other hand). The organic composition of capital (c/v) is the value composition of capital, as it is determined by the technical composition of capital; i.e., it is the relation of the value of the means of production (i.e., constant capital, c) and the value of the labour-power (i.e. the variable capital, v). The organic composition of capital tends to rise as a result of capital accumulation, i.e., there is a historical tendency for c to rise faster than v, for c to rise relative to v, even as v increases absolutely. (In technical rather than value terms, this means that capital accumulation leads to increasing the means of production, i.e., machines and raw materials, relative to the mass of the workers, even as the absolute number of workers is increasing.)

Concentration and Centralization of Capital: The concentration of capital is the increasing concentration of the social means of production in the hands of individual capitalists which is due to capital accumulation. The centralization of capital is the concentration of capitals already formed, the destruction of their individual independence, the expropriation of capitalist by capitalist, and the transformation of many small into few large capitals. The concentration of capital is another name for reproduction on an expanded scale and is simply the result of the growth of larger-scale production, while the centralization of capital the result of the merger, integration, and monopolization of production into fewer capitalist hands. The concentration of capital is developed by accumulation, while the centralization of capital is developed by monopolization (i.e., as a result of competition, the expanding credit system, and the extension of the joint-stock companies or modem corporations).

Concrete Labour: Concrete labour is the labour or work contributed in concrete and specific form (e.g., weaving or tailoring) to make a concrete, specific object or use-value (e.g., linen or a coat).

Constant Capital: Constant capital (c) is that part of capital (C) (i.e., money advanced by the capitalist in production) which is turned into means of production (i.e., the raw materials, auxiliary materials, and instruments of labour) and therefore does not undergo any quantitative alteration of value in the process of production. It is the value of the means of production. The means of production (or objective factors of production) from the point of view of the labour process are constant capital from the point of view of the valorization process (or process of adding surplus-value).

Division of Labour: The "social division of labour" involves the general separation of workers who produce various types of commodities for exchange. The social division of labour in general separates, e.g., agricultural workers from industrial workers, and the social division of labour in particular separates, e.g., cloth-making workers from shoe-making workers. The "detailed division of labour" in the workshop or the workplace involves the parceling out of particular tasks among the various workers. The detailed division of labour restricts individuals to particular vocations or callings, and often to particular repetitive tasks. The "social division of labour" is mediated through the purchase and sale of the products of different branches of production, while the "detailed division of labour," connecting the various partial operations in a workshop, is mediated through the sale of the labour-power of several workers to one capitalist, who applies it as combined labour-power. The social division of labour can exist in the most diverse economic formations of society, while the detailed division of labour (in the workshop) is a specific creation of the capitalist mode of production. While some crippling of body and mind is inseparable even from the social division of labour, the detailed division of labour creates the specialized worker, "subdividing, impoverishing, and mutilating the individual," making him/her unfit to make anything independently, allowing the development of his/her productive activity only as an appendage of the workshop, and branding the worker as the property of capital.

Exchange-Value: Exchange-value is the proportion in which one commodity exchanges for another; the exchange relation of commodities. Exchange-value is the "form of appearance" of value (i.e., the socially necessary labour-time required for the production of a commodity). As exchange-values, all commodities are merely definite quantities of *congealed labour-time.* Exchange-values are the "value form" of commodities.

Expanded Reproduction: Expanded reproduction is a model of capitalist production wherein a portion of surplus-value (or surplus product) is reconverted into capital (rather than being consumed by the capitalists), adding to the accumulation of capital. It is a model of accumulation as the production of capital on a progressively increasing scale. The process of capital accumulation constantly adds to social wealth in the hands of the capitalists, increases the organic composition of capital (c/v), increases the productivity of labour (reducing the value of labour-power and raising the rate of exploitation), generates periodic economic crises as a result of over-production, fosters the ever-increasing concentration and centralization of capital, extends markets and commodifies (i.e., brings into production by wage-labour for the production of surplus-value) ever more areas of life, expands the number of wage-workers, generates an expanding surplus or redundant population (and reserve army of the unemployed), and increases the absolute levels of pauperism and poverty.

Labour-Power: Labour-power is the capacity for labour of living human beings which, in capitalism, is sold by the worker and bought by the capitalist as a commodity. The historical conditions required for labour-power to appear as a commodity are the free worker, free as an individual to dispose of his/her labour-power as his/her own commodity and free of all other means of realization of his/her labour-power (i.e., having no other commodity for sale, free of any means of production.) The capitalist epoch is characterized by the fact that labour-power takes the form of a commodity which is the property of the labourer, and that labour takes the form of wage-labour. The value of labour-power is determined, as in the case of every other commodity, by the labour-time necessary for its production and reproduction--i.e., it is value of the historically-determined social subsistence (including the means of rearing children) necessary to perpetuate the presence of the labour-power on the market. The value of labour-power (and the price of labour-power) is determined by the value of the means of subsistence required by the average worker-a value that is always less than the value of the commodities produced by the amount of surplus-value. When workers are paid a "living wage," they are paid for the value of their labour-power, not for the value of their labour-time.

Mass of Surplus-Value: The mass of surplus-value is equal to the surplus-value provided by the working day of one worker multiplied by the number of workers employed. Given the value of labour-power, the mass of surplus-value (S) is equal to the amount of variable capital advanced (V) multiplied by the rate of surplus-value (s/v). Alternatively, the mass of surplus-value (S) is determined by the product of the number of workers simultaneously employed (n) times the value of an average labour-power (P) times the degree of exploitation [(surplus labour)/ (necessary labour}].

M-C-M': M-C-M' is the general formula for capital in the form in which it appears directly in the sphere of circulation. It is the complete form of the circuit of money transformed into capital, i.e., the transformation of money (M) into commodities (C) and the reconversion of commodities (C) into money (M'), where M' is greater than M(M' > M) by the amount of "surplus-value." That is, it is buying in order to sell. Money is circulated as capital for the purpose of increasing its value; M is advanced by a capitalist in order to increase its magnitude, i.e., in order to be "valorized" or to add to itself a surplus-value, thereby converting it into capital.

Money: Money is the "money form of value," or the "form of appearance" of the value of commodities, i.e., the material in which the magnitudes of their values are socially expressed. It is the universal equivalent of the value of commodities. It is crystallized out of the process of exchange through historical social practice. To simplify the analysis, Marx assumes that gold is the money commodity in the social process of the exchange of commodities. The value of the money commodity, gold, is determined, like every other commodity, by the labour-time required for its production. Gold is transformed into the money commodity through the same historical process and at the same rate as products of labour are transformed into commodities. Money is at once the common measure of value (i.e., socially-necessary labour-time congealed in commodities) and the standard of price (i.e., a quantity of metal with a fixed weight). As a measure of value, money measures commodities considered as values; as a standard of price, money measures quantities of gold by a unit quantity of gold.

Price: Price, in highly developed markets with money, is exchange-value, or the money-name of the labour embodied in or objectified in a commodity. However, price of a commodity can diverge from the magnitude of value of the commodity-due, e.g., to monopoly power on the part of the seller, to differences in market information between buyer and seller, to temporary shortages or surpluses of the commodity, to tariffs or state protection, or even to differences from the social average in the amount of fixed means of production (i.e., factories, offices, machines, and tools) required for producing the commodity. When commodities exchange at prices that are equal to their values, it is called "equal exchange." When commodities exchange at prices that diverge from their values, the exchange is called "unequal exchange."

Primitive Accumulation: Primitive accumulation is Marx's term for original or primary accumulation that was not the result of the capitalist mode of production but its point of departure. Primitive accumulation is the historical process of divorcing the producer from his means of production, the creation of the capital-relation. It is the historical transformation whereby the social means of subsistence and production are turned into capital, and the immediate producers are turned into wage-labourers. The classic form of primitive accumulation is the expropriation of the agricultural producer, of the peasant, from the soil. But this classic form is supplemented by a variety of forceful conversions of social or collective property into private property-the enslavement of Africans, the plunder of the new world, etc.

Rate of Surplus-Value: The rate of surplus-value is s/v, the ratio of surplus-value (s) to the variable capital (v), or the relative increase in the value of variable capital, or the ratio in which the variable capital has valorized its value. The rate of surplus-value (i.e., the ratio of surplus-value to variable capital) expresses in terms of "objectified labour" (quantities of labour embodied or objectified in commodities) the same relationship as does the ratio of surplus labour to necessary labour in terms of "living labour." [So s/v = (surplus-value / variable capital) = (surplus-value / value of labour-power) = (surplus labour / necessary labour) = (unpaid labour / paid labour).] Thus, the rate of surplus-value expresses the degree of exploitation of labour power by capital, or of the worker by the capitalist. The rate of surplus-value differs from the rate of profit in that the rate of surplus-value is the ratio of surplus-value to variable capital (v), or only that portion of the capital from which it directly arises and whose change in value it represents, while the rate of profit is the ratio of surplus-value to the total capital advanced (C = c + v). So the rate of profit is s/C = s/(c + v). [Note that the rate of profit obscures the origin of surplus-value, making it appear that surplus-value somehow arises from the total capital advanced (c + v) rather than only from variable capital (or the labour-power).]

Relative Surplus-Value: Relative surplus-value is that surplus-value that arises from the curtailment of necessary labour-time. It is reducing the part of the (total) social labour-time that is paid while holding the total labour-time constant. That is, for a given or fixed length of the working day, relative surplus-value arises from increasing surplus-value (s) relative to or at the expense of variable capital (v), or from increasing surplus labour-time relative to or at the expense of necessary labour-time. In order to curtail necessary labour-time (thereby producing relative surplus-value), the value of labour-power (i.e., the labour-time required to produce living wages or the cost of subsistence for the workers) must go down. This requires that the productivity of labour must rise in those branches of industry whose products determine the value of labour-power. Technical innovations, introducing machinery to replace workers, and speeding-up workers all reduce the labour-time required to produce use-values, but it only when these cheapen the means of subsistence which workers consume that the rate of surplus-value rises as a result of a fall in the value of labour-power (i.e., that s/v rises due to a fall in v).

Reserve Army of the Unemployed: The reserve army of the unemployed is the relatively redundant working population produced by capital accumulation. It is a surplus population, superfluous to capital's average requirements for its own valorization and production of surplus-value. The reserve army of the unemployed is the mass of human material always ready for exploitation by capital. The working class is divided into an active army and a reserve army, the varying proportions of which (i.e., the rise and fall in the size of the industrial reserve army) regulate the general movements of wages of the active working class in correspondence with the periodic alterations of the industrial (or so-called business) cycle. The floating reserve army (i.e., what today is .simply called the unemployed) is that portion of the active labour force which is not currently working. The latent reserve army includes potential workers currently engaged in petty agriculture, home production, and other forms of non-wage labour. In addition, Marx explores an array of other layers of the relative surplus population (and potential workers for the valorization of capital), including the stagnant population (irregular, contingent workers), the lumpen proletariat (vagabonds, criminals, prostitutes, etc.), and various layers of pauperism.

Simple Reproduction: Simple reproduction is a simple model of capitalist production wherein the surplus-value is entirely consumed by the capitalists with none of the surplus-value being added to the accumulation of capital. Simple reproduction is thus a simple, ahistorical model of the mere repetition of the process of capitalist production without capital accumulation. Marx uses this model of simple reproduction (highlighting the mere continuity of the production process) to illustrate how capitalist production constantly converts material wealth into capital, and converts all capital, regardless of whether or not it was originally acquired by the capitalist's own labour, into accumulated capital (or capitalized surplus-value). All capital sooner or later becomes an accumulation of the unpaid labour of others. This model illustrates how the worker constantly produces and reproduces both capital as an alien power that dominates and exploits him and the worker as wage-worker. In other words, it shows how the capitalist process of production not only produces commodities and surplus-value but also produces and reproduces the capital-relation itself (the capitalist and the wage-worker).

Socially Necessary Labour-Time: Socially necessary labour-time is the labour-time required to produce any use-value under conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society.

Surplus-Value: Surplus-value (s) is the increment in value produced by labour in production, i.e., the increment in variable capital (Δv) that results from that part of capital converted into labour-power (v). So $v + s = v + \Delta v$. The production of surplus-value (or the process of valorization) is the objective of all capitalist production. [Surplus-value is not the same thing as profit received by a capitalist. Surplus-value is in fact divided between profit (for the capitalist), rent (for the landlord), interest (for the financier), and other "unproductive" claims on a portion of the surplus-value such as taxes which finance government activities. However, except when Marx is referring to this division of surplus-value among claimants, Marx uses the term surplus-value to represent the "gross profit" arising from the exploitation of labour-power, as he does, for example, in defining the rate of profit as $s/C = s/(c + v)$.]

Use-Value: Use-value is both the utility or usefulness of any object and the object itself which is endowed with utility or usefulness. Things can be use-values, whether or not they are produced by labour (e.g., things provided by nature such as air and water are use-values which are not produced by labour). Things can be use-values, whether or not they are produced for exchange (e.g., things produced by one's own labour to satisfy one's own needs are use-values but not commodities). But every commodity (products of labour which are produced for exchange) is a use-value and is endowed with usefulness. Use-values are the material content of wealth and are only realized in consumption; in capitalism (and other societies based on commodity exchange), use-values are also the material "bearers" of exchange value. Use-values or material goods are the "natural form" of commodities.

Value: Value is the amount of (abstract, simple) labour-time socially necessary for the production of a commodity. The "substance of value" is the "abstract or undifferentiated human labour" objectified, materialized, or accumulated in a use-value or useful article. The "magnitude of value" is the quantity of the labour (measured in labour-time on the scale of hours or days) contained in the article.

Variable Capital: Variable capital (v) is that part of capital (C) (i.e., money advanced by the capitalist in production) which is turned into labour-power and therefore undergoes an alternation of value in the process of production. It is the value of labour-power. Labour-power (or the subjective factor of production) from the point of view of the labour process is variable capital from the point of view of the valorization process (or process of adding surplus-value).