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First Manuscript

Wages of Labor

Wages are determined by the fierce struggle between capitalist and worker. The capitalist inevitably wins. The capitalist can live longer without the worker than the worker can live without him. Combination among capitalists is habitual and effective, while combination among the workers is forbidden and has painful consequences for them. In addition to that, the landowner and the capitalist can increase their revenues with the profits of industry, while the worker can supplement his income from industry with neither ground rent nor interest on capital. This is the reason for the intensity of competition among the workers. It is, therefore, only for the worker that the separation of capital, ground rent, and labor, is fatal.

For wages, the lowest and the only necessary rate is that required for the subsistence of the worker during work and enough extra to support a family and prevent the race of workers from dying out. According to [economist Adam] Smith, the normal wage is the lowest which is compatible with common humanity—i.e., with a bestial existence. [See Smith, The Wealth of Nations, 2 vols., Everyman edition, Vol. I, p. 61.]

The demand for men necessarily regulates the production of men, as of every other commodity. If the supply greatly exceeds the demand, then one section of the workers sinks into beggary or starvation. The existence of the worker is, therefore, reduced to the same condition as the existence of every other commodity. The worker has become a commodity, and he is lucky if he can find a buyer. And the demand on which the worker’s life depends is regulated by the whims of the wealthy and the capitalists. If supply exceeds demand, one of the elements which go to make up the price—profit, ground rent, wages—will be paid below its price. A part of these elements is, therefore, withdrawn from this application, with the result that the market price gravitates towards the natural price as the central point. But 1. it is very difficult for the worker to direct his labor elsewhere where there is a marked division of labor; and 2. because of his subordinate relationship to the capitalist, he is the first to suffer.

So the worker is sure to lose and to lose most from the gravitation of the market price towards the natural price. And it is precisely the ability of the capitalist to direct his capital elsewhere which either drives the worker, who is restricted to one particular branch of employment, into starvation or forces him to submit to all the capitalist’s demands.

The sudden chance fluctuations in market price hit ground rent less than that part of the price which constitutes profit and wages, but they hit profit less than wages. For every wage which rises, there is generally one which remains stationary and another which falls.

The worker does not necessarily gain when the capitalist gains, but he necessarily loses with him. For example, the worker does not gain if the capitalist keeps the market price above the natural price by means of a manufacturing or trade secret, a monopoly or a favorably placed property.

Moreover, the prices of labor are much more constant than the prices of provisions. They are often in inverse proportion. In a dear year, wages drop because of a drop in demand and rise because of an increase in the price of provisions. They, therefore, balance. In any case, some workers are left without bread. In cheap years,
wages rise on account of the rise in demand, and fall on account of the fall in the price of provisions. So they balance. [Smith, I, pp. 76-7.]

Another disadvantage for the worker:

The price of the labor of different kinds of workers varies much more than the profits of the various branches in which capital is put to use. In the case of labor, all the natural, spiritual, and social variations in individual activity are manifested and variously rewarded, whereas dead capital behaves in a uniform way and is indifferent to real individual activity.

In general, we should note that where worker and capitalist both suffer, the worker suffers in his very existence while the capitalist suffers in the profit on his dead mammon.

The worker has not only to struggle for his physical means of subsistence; he must also struggle for work—i.e., for the possibility and the means of realizing his activity. Let us consider the three main conditions which can occur in society and their effect on the worker.

(1) If the wealth of society is decreasing, the worker suffers most, although the working class cannot gain as much as the property owners when society is prospering, none suffers more cruelly from its decline than the working class. [Smith, I, p. 230.]

(2) Let us now consider a society in which wealth is increasing. This condition is the only one favorable to the worker. Here, competition takes place among the capitalists. The demand for workers outstrips supply. But:

In the first place, the rise of wages leads to overwork among the workers. The more they want to earn the more they must sacrifice their time and freedom and work like slaves in the service of avarice. In doing so, they shorten their lives. But this is all to the good of the working class as a whole, since it creates a renewed demand. This class must always sacrifice a part of itself if it is to avoid total destruction.

Furthermore, when is a society in a condition of increasing prosperity? When the capitals and revenues of a country are growing. But this is only possible

(a) as a result of the accumulation of a large quantity of labor, for capital is accumulated labor; that is to say, when more and more of the workers’ products are being taken from him, when his own labor increasingly confronts him as alien property and the means of his existence and of his activity are increasingly concentrated in the hands of the capitalist.

(b) The accumulation of capital increases the division of labor, and the division of labor increases the number of workers; conversely, the growth in the number of workers increases the division of labor, just as the growth in the division of labor increases the accumulation of capital. As a consequence of this division of labor, on the one hand, and the accumulation of capitals, on the other, the worker becomes more and more uniformly dependent on labor, and on a particular, very one-sided and machine-like type of labor. Just as he is depressed, therefore, both intellectually and physically to the level of a machine, and from being a man becomes an abstract activity and a stomach, so he also becomes more and more dependent on every fluctuation in the market price, in the investment of capital and in the whims of the wealthy. Equally, the increase in that class of men who do nothing but work increases the competition among the workers and therefore lowers their price. In the factory system, conditions such as these reach their climax.

(c) In a society which is becoming increasingly prosperous, only the very richest can continue to live from the interest on money. All the rest must run a business with their capital, or put it on the market. As a result, the competition among the capitalists increases, there is a growing concentration of capital, the big capitalists ruin the small ones, and a section of the former capitalists sinks into the class of the workers—which, because of this increase in numbers, suffers a further depression of wages and becomes even more dependent on the handful of big capitalists. Because the number of capitalists has fallen, competition for workers has increased, the competition among them has become all the more considerable, unnatural and violent. Hence, a section of the working class is reduced to beggary or starvation with the same necessity as a section of the middle capitalists ends up in the working class.

So, even in the state of society most favorable to him, the inevitable consequence for the worker and early death, reduction to a machine, enslavement to capital which piles up in threatening opposition to him, fresh competition and starvation or beggary for a section of the workers.

An increase in wages arouses in the worker the same desire to get rich as in the capitalist, but he can only satisfy this desire by sacrificing his mind and body. An increase in wages presupposes,
and brings about, the accumulation of capital, and thus opposes the product of labor to the worker as something increasingly alien to him. Similarly, the division of labor makes him more and more one-sided and dependent, introducing competition from machines as well as from men. Since the worker has been reduced to a machine, the machine can confront him as a competitor. Finally, just as the accumulation of capital increases the quantity of industry and, therefore, the number of workers, so it enables the same quantity of industry to produce a greater quantity of products. This leads to overproduction and ends up either by putting a large number of workers out of work or by reducing their wages to a pittance.

Such are the consequences of a condition of society which is most favorable to the worker—i.e., a condition of growing wealth.

But, in the long run, the time will come when this state of growth reaches a peak. What is the situation of the worker then?

(3) “In a country which had acquired that full complement of riches... both the wages of labor and the profits of stock would probably be very low... the competition for employment would necessarily be so great as to reduce the wages of labor to what was barely sufficient to keep up the number of laborers, and, the country being already fully peopled, that number could never be augmented.” [Smith I, p. 84]

The surplus population would have to die.

So, in a declining state of society, we have the increasing misery of the worker; in an advancing state, complicated misery; and in the terminal state, static misery.

Smith tells us that a society of which the greater part suffers is not happy. [Smith I, p. 70] But, since even the most prosperous state of society leads to suffering for the majority, and since the economic system [Nationalökonomie], which is a society based on private interests, brings about such a state of prosperity, it follows that society’s distress is the goal of the economic system.

We should further note in connection with the relationship between worker and capitalist that the latter is more than compensated for wage rises by a reduction in the amount of labor time, and that wage rises and increases in the interest on capital act on commodity prices like simple and compound interest respectively.

Let us now look at things from the point of view of the political economist and compare what he has to say about the theoretical and practical claims of the worker.

He tells us that, originally and in theory, the whole produce of labor belongs to the worker. [Smith I, p. 57] But, at the same time, he tells us that what the worker actually receives is the smallest part of the product, the absolute minimum necessary; just enough for him to exist not as a human being but as a worker and for him to propagate not humanity but the slave class of the workers.

The political economist tells us that everything is bought with labor and that capital is nothing but accumulated labor, but then goes on to say that the worker, far from being in a position to buy everything, must sell himself and his humanity.

While the ground rent of the indolent landowner generally amounts to a third of the product of the soil, and the profit of the busy capitalist to as much as twice the rate of interest, the surplus which the worker earns amounts at best to the equivalent of death through starvation for two of his four children. [Smith I, p. 60]

According to the political economist, labor is the only means whereby man can enhance the value of natural products, and labor is the active property of man. But, according to this same political economy, the landowner and the capitalist, who as such are merely privileged and idle gods, are everywhere superior to the worker and dictate the law to him.

According to the political economist, labor is the only constant price of things. But nothing is more subject to chance than the price of labor, nothing exposed to greater fluctuations.

While the division of labor increases the productive power of labor and the wealth and refinement of society, it impoverishes the worker and reduces him to a machine. While labor gives rise to the accumulation of capital, and so brings about the growing prosperity of society, it makes the worker increasingly dependent on the capitalist, exposes him to greater competition and drives him into the frenzied world of overproduction, with its subsequent slump.

According to the political economist, the interest of the worker is never opposed to the interest of society. But, society is invariably and inevitably opposed to the interest of the worker.

According to the political economist, the interest of the worker is never opposed to that of society: (1) because the rise in wages is more than made up for by the reduction in the amount of labor time, with the other consequences explained above, and (2) because in relation to society the entire gross product is not
product, and only in relation to the individual does the net product have any significance? 

But it follows from the analyses made by the political economists, even though they themselves are unaware of the fact, that labor itself—not only under present conditions, but in general, insofar as its goal is restricted to the increase of wealth—is harmful and destructive.

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In theory, ground rent and profit on capital are deductions made from wages. But, in reality, wages are a deduction which land and capital grant the worker, an allowance made from the product of labor to the worker, to labor.

The worker suffers most when society is in a state of decline. He owes the particular severity of his distress to his position as a worker, but the distress as such is a result of the situation of society.

But, when society is in a state of progress, the decline and impoverishment of the worker is the product of his labor and the wealth produced by him. This misery, therefore, proceeds from the very essence of present-day labor.

A society at the peak of prosperity—an ideal, but one which is substantially achieved, and which is at least the goal of the economic system and of civil society—is static misery for the worker.

It goes without saying that political economy regards the proletarian—i.e., he who lives without capital and ground rent, from labor alone, and from one-sided, abstract labor at that—as nothing more than a worker. It can, therefore, advance the thesis that, like a horse, he must receive enough to enable him to work. It does not consider him, during the time when he is not working, as a human being. It leaves this to criminal law, doctors, religion, statistical tables, politics, and the beadle.

Let us now rise above the level of political economy and examine the ideas developed above, taken almost word for word from the political economists, for the answers to these two questions:

(1) What is the meaning, in the development of mankind, of this reduction of the greater part of mankind to abstract labor?

(2) What mistakes are made by the piecemeal reformers, who either want to raise wages and thereby improve the situation of the working class, or—like Proudhon—see equality of wages as the goal of social revolution?

In political economy, labor appears only in the form of wage-earning activity.

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“It can be argued that those occupation which demand specific abilities or longer training have on the whole become more lucrative; while the commensurate wage for mechanically uniform activity, in which everyone can be quickly and easily trained, has fallen, and inevitably so, as a result of growing competition. And it is precisely this kind of labor which, under the present system of labor organization, is by far the most common.

“So, if a worker in the first category now earns seven times as much as he did 50 years ago, while another in the second category continues to earn the same as he did then, then on average they earn four times as much.

“But if in a given country there are only a thousand workers in the first category and a million in the second, then 999,000 are no better off than 50 years ago, and they are worse off if the prices of staple goods have risen.

“And yet people are trying to deceive themselves about the most numerous class of the population with superficial average calculations of this sort.

“Moreover, the size of wages is only one factor in evaluating a worker’s income: it is also essential to take into account the length of time for which such wages are guaranteed, and there is no question of guarantees in the anarchy of so-called free competition with its continual fluctuations and stagnation. Finally, we must bear in mind the hours of work which were usual earlier and those which are usual now. And for the English cotton workers, the working day has been increased, as a result of the employers’ greed, from 12 to 16 hours during the past 25 years or so—i.e., since labor-saving machines were introduced. This increase in one country and in one branch of industry inevitably carried over to a greater or lesser
degree into other areas, for the rights of the wealthy to subject the poor to boundless exploitation are still universally acknowledged.” [Wilhelm Schulz, *Die Bewegung der Produktion, eine geschichtlich-statistische Abhandlung*. Zurich and Winterthur, 1843, p. 65]

“But even were this as true as it is false, that the average income of all classes of society has grown, the differences and relative intervals between incomes can still have grown bigger, so that the contrast between wealth and poverty becomes sharper. For it is precisely because total production rises that needs, desires, and claims also increase, and they increase in the same measure as production rises; relative poverty can therefore grow while absolute poverty diminishes. The Samoyed is not poor with his blubber and rancid fish, for in his self-contained society, everyone has the same needs. But, in a state which is making rapid headway, which, in the course of a decade, increases its total production in relation to the population by a third, the worker who earns the same at the end of the 10 years as he did at the beginning has not maintained his standard of living, he has grown poorer by a third.” [Wilhelm Schulz, pp. 65-6]

But political economy knows the worker only as a beast of burden, as an animal reduced to the minimum bodily needs.

“If a people is to increase its spiritual freedom, it can no longer remain in thrall to its bodily needs, it can no longer be the servant of the flesh. Above all, it needs time for intellectual exercise and recreation. This time is won through new developments in the organization of labor.

“Nowadays, a single worker in the cotton mills, as a result of new ways of producing power and new machinery, can often do work that previously needed 100 or even 250-300 workers. All branches of industry have witnessed similar consequences, since external natural forces are increasingly being brought to bear on human labor. If the amount of time and human energy needed earlier to satisfy a given quantity of material needs was later reduced by half, then, without any forfeiture of material comfort, the margin for intellectual creation and recreation will have increased by half.

“But, even the sharing of the spoils which we win from old Chronos on his very own territory still depends on blind and unjust chance.

“In France, it has been estimated that, at the present stage of production, an average working day of five hours from each person capable of work would be sufficient to satisfy all society’s material needs. In spite of the time saved through improvements in machinery, the time spent in slave labor in the factories has increased for many people.” [Wilhelm Schulz, pp. 67-8]

“The transition from complicated handicrafts presupposes a breaking down of such work into the simple operations of which it consists. To begin with, however, only a part of the uniformly recurring operations falls to the machines, while another part falls to men. Permanently uniform activity of this kind is by its very nature harmful to both soul and body—a fact which is also confirmed by experience; and so, when machinery is combined in this way, with the mere division of labor among a larger number of men, all the shortcomings of the latter inevitably make their appearance. These shortcomings include the greater mortality of factory workers....

“No attention has been paid to the essential distinction between how far men work through machines and how far they work as machines.” [Wilhelm Schulz, pp. 69]

“In the future life of the nations, however, the mindless forces of nature operating in machines will be our slaves and servants.” [Wilhelm Schulz, pp. 74]

“In the English spinning mills, only 158,818 men are employed, compared with 196,818 women. For every 100 men workers in the Lancashire cotton mills, there are 103 women workers’ in Scotland, the figure is as high as 209. In the English flax mills in Leeds, there are 147 women for every 100 men workers; in Dundee, and on the east coast of Scotland, this figure is as high as 280. In the English silk-factories, there are many women workers; in the wool
factories, where greater strength is needed, there are more men. As for the North American cotton mills, in 1833 there were no fewer than 38,927 women alongside 18,593 men.

“So, as a result of changes in the organization of labor, a wider area of employment opportunities has been opened up to members of the female sex... more economic independence for women... both sexes brought closer together in their social relations.” [Wilhelm Schulz, pp. 71-2]

“Employed in the English spinning mills operated by steam and water in the year 1835 were: 20,558 children between 8 and 12 years of age; 35,867 between 12 and 13; and, finally, 108,208 between 13 and 18....

“True, the advances in mechanization, which remove more and more of the monotonous tasks from human hands, are gradually eliminating these ills. But, standing in the way of these more rapid advances is the fact that the capitalists are in a position to make use of the energies of the lower classes, right down to children, very easily and very cheaply, and to use them instead of machinery.” [Wilhelm Schulz, pp. 70-1]

“Lord Brougham’s appeal to the workers: ‘Become capitalists!’...

“The evil that million are only able to eke out a living through exhausting, physically destructive, and morally and intellectually crippling, labor; that they are even forced to regard the misfortune of finding such work as fortunate.” [Wilhelm Schulz, pp. 60]

“So, in order to live, the non-owners are forced to place themselves directly or indirectly at the service of owners—i.e., become dependent upon them.” [C. Pecqueur, Théorie nouvelle d’économie sociale et politique, ou études sur l’organisation des sociétés, Paris, 1842, p. 409]

“Servants—pay; workers—wages; clerks—salaries or emoluments.... “hire out one’s labor”, “lend out one’s labor at interest”, “work in another’s place”. “hire out the materials of labor”, “lend the materials of labor at interest”, “make another work in one’s place”. [C. Pecqueur, p. 409-10, 411]

“This economic constitution condemns men to such abject employments, such desolate and bitter degradation, that by comparison savagery appears like a royal condition.”

“Prostitution of the non-owning class in all its forms.” Rag-and-bone men. [C. Pecqueur, p. 417-18, 421]

Charles Loudon, in his work Solution du probleme de la population, gives the number of prostitutes in England as 60-70,000. The number of women of “doubtful virtue” is roughly the same.

“The average life span of these unfortunate creatures on the streets, after they have embarked on their career of vice, is about six or seven years. This means that, if the number of 60-70,000 prostitutes is to be maintained, there must be in the three kingdoms at least 8-9,000 women a year who take up this infamous trade—i.e., roughly 24 victims a day, which is an average of one an hour. So, if the same proportion is true for the whole surface of the planet, then at all times there must be one-and-a-half million of these unhappy creatures.” [Charles Loudon, Solution du probleme de la population et de la subsistence, soumise a un medecin dans une serie du lettres, Paris, 1842, p. 229]

“The population of the poor grows with their poverty, and it is at the most extreme limit of need that human beings crowd together in the greatest numbers in order to fight among themselves for the right to suffer....

“In 1821, the population of Ireland was 6,801,827. By 1831, it had risen to 7,764,010; that is, a 14 per cent increase in 10 years. In Leinster, the most prosperous of the provinces, the population only grew by 8 per cent, while in Connaught, the poorest of the provinces, the increase was as high as 21 per cent. (Extract from Inquiries Published in England on Ireland, Vienna, 1840.) [Eugene Buret, De la misere des classes laborieuses en Angleterre et en France, 2 vols., Paris, 1840, Vol. I, pp. 36-7]

Political economy regards labor abstractly, as a thing; labor is a commodity; if the price is high, the commodity is much in demand;
if it is low, then it is much in supply; “the price of labor as a commodity must fall lower and lower”. [ibid., p. 43] This is brought about partly by the competition among the workers themselves.

“... the working population, seller of labor, is forced to accept the smallest part of the product... Is the theory of labor as a commodity anything other than a disguised theory of slavery?”

“Why then was labor regarded as nothing more than an exchange value?” [Eugene Buret, p. 43]

The big workshops prefer to buy the labor of women and children, because it costs less than that of men.

“Vis-à-vis his employer, the worker is not at all in the position of a free seller.... The capitalist is always free to employ labor, and the worker is always forced to sell it. The value of labor is completely destroyed if it is not sold at every instant. Unlike genuine commodities, labor can be neither accumulated nor saved.

“Labor is life, and if life is not exchanged every day for food, it suffers and soon perishes. If human life is to be regarded as a commodity, we are forced to admit slavery.” [Eugene Buret, p. 49-50]

So, if labor is a commodity, it is a commodity with the most unfortunate characteristics. But, even according to economic principles, it is not one, for it is not the “free product of a free market”. [ibid., p. 50] The present economic regime “reduces at the same time both the price and the remuneration of labor; it perfects the worker and degrades the man.” [ibid., p. 52-3] “Industry has become a war, commerce a game.” [ibid., p. 62]

“The machines for spinning cotton (in England) alone represent 84,000,000 handworkers.” [Eugene Buret, p. 193]

Up to now, industry has been in the situation of a war of conquest:

“It has squandered the lives of the men who composed its army with as much indifference as the great conquerors. Its goal was the possession of riches, and not human happiness.” “These interests (i.e., economic interests), left to their own free development, ... cannot help coming into conflict; war is their only arbiter, and the decisions of war assign defeat and death to some and victory to others... It is in the conflict of opposing forces that science looks for order and equilibrium; perpetual was, in the view of science, is the only means of achieving peace; this war is called competition.” [Eugene Buret, pp. 20,23]

“The industrial war, if it is to be waged successfully, needs large armies which it can concentrate at one point and decimate at will. And neither devotion nor duty moves the soldiers of this army to bear the burden placed upon them; what moves them is the need to escape the harshness of starvation. They feel neither affection nor gratitude for their bosses, who are not bound in their subordinates by any feeling of goodwill and who regard them not as human beings but as instruments of production which bring in as much and cost as little as possible. These groups of workers, who are more and more crowded together, cannot even be sure they they will always be employed; the industry which has summoned them together allows them to live only because it needs them; as soon as it can get rid of them, it abandons them without the slightest hesitation; and the workers are forced to offer their persons and their labor for whatever is the going price. The longer, more distressing and loathsome the work which is given them, the less they are paid; one can see workers who toil their way non-stop through a 16-hour day and who scarcely manage to buy the right not to die.” [Eugene Buret, pp. 68-9]

“We are convinced... as are the commissioners appointed to look into the conditions of the handloom weavers, that the large industrial towns would quickly lose their population of workers if they did not all the time receive a continual stream of healthy people and fresh blood from the surrounding country areas.” [Eugene Buret, pp. 362]
Profit of Capital

1. Capital

(1) What is the basis of capital—i.e., of private property in the products of another’s labor?

“Even if capital cannot be reduced to simple theft or fraud, it still needs the assistance of legislation to sanctify inheritance.” [Jean-Baptiste Say, Traite d’économie politique, third edition, 2 volumes, Paris, 1817, I, p. 136, footnote]

How does one become an owner of productive stock? How does one become owner of the products created by means of this stock?

Through positive law. [Say, II, p. 4]

What does one acquire with capital, with the inheritance of a large fortune, for example?

“The person who acquires, or succeeds to a great fortune, does not necessarily acquire or succeed to any political power.... The power which that possession immediately and directly conveys to him, is the power of purchasing; a certain command over all the labor, or over all the produce of labor, which is then in the market.” [Smith, Wealth of Nations, I, pp. 26-7]

Capital is, therefore, the power to command labor, and its products. The capitalist possesses this power not on account of his personal or human properties but insofar as he is an owner of capital. His power is the purchasing power of his capital, which nothing can withstand.

Later, we shall see how the capitalist, by means of capital, exercises his power to command labor; but we shall then go on to see how capital, in its turn, is able to rule the capitalist himself.

What is capital?

“A certain quantity of labor stocked and stored up. ..” [Smith, p. 295]

Capital is stored up-labor.

(2) Bonds, or stock, is any accumulation of the products of the soil or of manufacture. Stock is only called capital when it yields its owner a revenue or profit.

2. The Profit of Capital

The profit or gain of capital is altogether different from the wages of labor. This difference manifests itself in two ways: firstly, the profits of capital are regulated altogether by the value of the stock employed, although the labor of inspection and direction for different capitals may be the same. Furthermore, in many large factories, the whole labor of this kind is committed to some principal clerk, whose wages never bear any regular proportion to the capital of which he oversees the management. And the owner of this capital, though he is thus discharged of almost all labor, still expects that his profits should bear a regular proportion to his capital. [Smith, p. 43]

Why does the capitalist demand this proportion between profit and capital?

He could have no interest in employing these workers, unless he expected from the sale of their work something more than was sufficient to replace the stock advanced by him as wages; and he could have no interest to employ a great stock rather than a small one, unless his profits were to bear some proportion to the extent of his stock. [Smith, p. 42]

So the capitalist makes a profit first on the ages and secondly on the raw materials advanced by him.

What relation, then, does profit have to capital?

It is not easy to ascertain what are the average wages of labor even in a particular place and at a particular time, and it is even more difficult to determine the profit on capital. Variations of price in commodities which the capitalist deals in, the good or bad fortune both of his rivals and of his customers, a thousand other accidents to which his goods are liable in transit and in warehouses, all produce a daily, almost hourly, variation in profits. [Smith, pp. 78-9] But although it may be impossible to determine, with any degree of precision, the average profits of capital, some notion may be formed of them from the interest of money. Wherever a great deal can be made by the use of money, a great deal will be
given for the use of it; wherever little can be made, little will be
given. [Smith, p. 79]

“The proportion which the usual market rate of interest
ought to bear to the ordinary rate of clear profit, necessarily varies as profit rises or falls. Double interest is
in Great Britain reckoned what the merchants call a good,
moderate, reasonable profit, terms which... mean no more
than a common and usual profit.” [Smith, p. 87]

What is the **lowest** rate of profit? And what is the **highest**?
The lowest rate of ordinary profit on capitals must always be
something more than what is sufficient to compensate the
casual losses to which every employment of capital is exposed. It is this surplus value only which is the neat or clear profit. The
same holds for the lowest rate of interest. [Smith, p. 86]
The highest rate to which ordinary profits can rise may be such
as, in the price of the greater part of commodities, eats up the
whole of the rent of the land and reduces the wages of labor
expended in preparing the commodity and bringing it to market to
the lowest rate, the bare subsistence of the laborer. The workman
must always have been fed in some way or other while he was
about the work; but the rent of land can disappear entirely. Examples: the servants of the East India Company in Bengal. [Smith, pp. 86-7]
Besides all the advantages of limited competition which the
capitalist can exploit in such a case, he can keep the market price
above the natural price, by quite honorable means.
Firstly, by *secrets in trade*, where the market is at a great
distance from the residence of those who supply it; that is, by
concealing a change in price, an increase above the natural level.
The effect of this concealment is that other capitalists do not invest
their capital in this branch of industry.
Secondly, by *secrets in manufacture*, which enable the capitalist
to cut production costs and sell his goods at the same price, or even
at a lower price than his competitors, while making a bigger profit.
(Deceit by concealment is not immoral? Dealings on the Stock
Exchange.) Furthermore, where production is confined to a
particular locality (as in the case of select wines) and the effective
demand can never be satisfied. Finally, through monopolies
granted to individuals or companies. The price of monopoly is the
highest which can be got. [Smith, pp. 53-4]

Other chance causes which can raise the profit on capital:
The acquisition of new territory, or of new branches of trade,
may sometimes rise the profits of stock even in a wealthy country,
because part of the capital is withdrawn from the old branches of
trade, competition comes to be less than before, and the market is
less fully supplied with commodities, the prices of which then rise:
those who deal in these commodities can then afford to borrow at a
higher interest. [Smith, p. 83] As any particular commodity comes
to be more manufactured, that part of the price which resolves
itself into wages and profit comes to be greater in proportion to
that which resolves itself into rent. In the progress of the
manufacture of commodity, not only the number of the profits
increase, but every subsequent profit is greater than the preceding
one; because the capital from which it is derived must always be
greater. The capital which employs the weavers, for example, must
be greater than that which employs the spinners; because it not
only replaces that capital with its profits, but pays besides, the
wages of the weavers; and the profits must always bear some
proportion to the capital. [Smith, p. 86]
So, the growing role played by human labor in fashioning the
natural product increases not the wages of labor but partly the
number of profitable capitals and partly the size of each capital in
proportion to those that precede it.
More later about the profit which the capitalist derives from
the division of labor.
He profits in two ways: firstly, from the division of labor and
secondly, and more generally, from the growing role played by
human labor in fashioning the natural product. The larger the
human share in a commodity, the larger the profit of dead capital.
In one and the same society, the average rates of profit on
capital are more nearly upon a level than are the wages of different
kinds of labor. [Smith, p. 45] In the different employments of
capital, the ordinary rate of profit varies more or less with the
certainty or uncertainty of the returns;
“... the ordinary profit of stock, though it rises with the
risk, does not always seem to rise in proportion to it.”
[Smith, pp. 99-100]

Needless to say, profits also rise if the means of circulation
(e.g., paper money) improve or become less expensive.
3. The Rule of Capital over Labor and the Motives of the Capitalist

“The consideration of his own private profit is the sole motive which determines the owner of any capital to employ it either in agriculture, in manufactures, or in some particular branch of the wholesale or retail trade. The different quantities of productive labor which may put it into motion, and the different values which it may add to the annual produce of the land and labor of the society, according as it is employed in one or other of those different ways, never enter into his thoughts.” [Smith, p. 355]

“The most useful employment of capital for the capitalist is that which, with the same degree of security, yields him the largest profit; but this employment is not always the most useful for society... the most useful is that which... stimulates the productive power of its land and labor.” [Say, II, pp. 130-31]

“The plans and projects of the employers of stock regulate and direct all the most important operations of labor, and profit is the end proposed by all those plans and projects. But the rate of profit does not, like rent and wages, rise with the prosperity and fall with the declension of the society. On the contrary, it is naturally low in rich and high in poor countries, and it is always highest in countries which are going fastest to ruin. The interest of this third order [those who live by profit], therefore, has not the same connection with the general interest of the society as that of the other two.... The interest of the dealer, however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the public. To widen the market and to narrow the competition, is always the interest of the dealers, an order of men whose interest is never exactly the same as that of the public, and who have generally an interest to deceive and even to oppress the public...” [Smith I, pp. 231-2]
This means that, quite apart from competition, the accumulation of large capital takes place at a much faster rate than that of small capital. But, let us follow this process further.

As capitals multiply, the profits on capital diminish, as a result of competition. So, the first to suffer is the small capitalist.

“In a country which had acquired its full complement of riches, ... as the ordinary rate of clear profit would be very small, so the usual market rate of interest which could be afforded out of it would be so low as to render it impossible for any but the very wealthiest of people to live upon the interest of their money. All people of small or middling fortunes would be obliged to super-intend themselves the employment of their own stocks. It would be necessary that almost every man should be a man of business, or engage in some sort of trade.” [Smith I, p. 86]

This is the situation most dear to the heart of political economy.

“The proportion between capital and revenue, therefore, seems everywhere to regulate the proportion between industry and idleness. Wherever capital predominates, industry prevails: wherever revenue, idleness.” [Smith, p. 301]

But, what about the employment of capital in this increased competition?

“As the quantity of stock to be lent at interest increases, the interest, or the price which must be paid for the use of that stock, necessarily diminishes, not only from those general causes, which make the market price of things commonly diminish as their quantity increases, but from other causes which are peculiar to this particular case.

“As capitals increase in any country, the profits which can be made by employing them necessarily diminish. It becomes gradually more and more difficult to find within the country a profitable method of employing any new capital. There arises, in consequence, a competition between different capitals, the owner of one endeavoring to get possession of that employment which is occupied by another.

“But, on most occasions he can hope to jostle that other out of this employment by no other means but by dealing upon more reasonable terms. He must not only sell what he deals in somewhat cheaper, but, in order to get it to sell, he must sometimes, too, buy it dearer.

“The demand for productive labor, by the increase of the funds which are destined for maintaining it, grows every day greater and greater. Laborers easily find employment, but the owners of capitals find it difficult to get laborers to employ. Their competition raises the wages of labor and sinks the profits of stock.” [Smith p. 316]

The small capitalist, therefore, has two choices: he can either consume his capital, since he can no longer live on the interest—i.e., cease to be a capitalist; or, he can himself set up a business, sell his goods at a lower price, and buy them at a dearer price than the richer capitalist, and pay higher wages, which means that he would go bankrupt—since the market price is already very low as a result of the intense competition we presupposed. If, on the other hand, the big capitalist wants to squeeze out the smaller one, he has all the same advantages over him as the capitalist has over the worker. He is compensated for the smaller profits by the larger size of his capital, and he can even put up with short-term losses until the smaller capitalist is ruined and he is freed of this competition. In this way, he accumulates the profits of the small capitalist.

Furthermore: the big capitalist always buys more cheaply than the small capitalist, because he buys in larger quantities. He can, therefore, afford to sell at a lower price.

But, if a fall in the rate of interest turns the middle capitalists from renters into businessmen, conversely the increase in business capitals and the resulting lower rate of profit produce a fall in the rate of interest.

“But, when the profits which can be made by use of a capital are diminished... the price which can be paid for the use of it... must necessarily be diminished with them.” [Smith p. 316]

“As riches, improvement, and population, have increased, interest has declined”, and consequently the profits of stock; “...after these are diminished, stock may not only continue to increase, but to increase much faster than
before.... A great stock, though with small profits, generally increases faster than a small stock with great profits. Money, says the proverb, makes money.” [Smith p. 83]

So, if this large capital is opposed by small capitals with small profits, as in the case under the conditions of intense competition which we have presupposed, it crushes them completely.

The inevitable consequence of this competition is the deterioration in the quality of goods, adulteration, spurious production, and universal pollution to be found in large towns.

Another important factor in the competition between big and small capitals is the relationship between fixed capital and circulating capital.

Circulating capital is capital
“employed in raising, manufacturing, or purchasing goods, and selling them again at a profit. The capital employed in this manner yields no revenue or profit to its employer, while it either remains in his possession or continues in the same shape.... His capital is continually going from him in one shape, and returning to him in another, and it is only by means of such circulation, or successive exchanges, that is can yield him any profit....”

Fixed capital is capital
“employed in the improvement of land, in the purchase of useful machines and instruments, or in such like things....

“...every saving in the expense of supporting the fixed capital of the undertaker of every work is necessarily divided between his fixed and his circulating capital. While his whole capital remains the same, the smaller the one part, the greater must necessarily be the other. It is the circulating capital which furnishes the materials and wages of labor, and puts industry into motion. Every saving, therefore, in the expense of maintaining the fixed capital, which does not diminish the productive powers of labor, must increase the fund which puts industry into motion....” [Smith, p. 257]

It is immediately clear that the relation between fixed capital and circulating capital is much more favorable to the big capitalist than it is to the smaller capitalist. The difference in volume between the amount of fixed capital needed by a very big banker and the amount needed by a very small one is insignificant. The only fixed capital they need is an office. The equipment needed by a big landowner does not increase in proportion to the extent of his land. Similarly, the amount of credit available to a big capitalist, compared with a smaller one, represents a bigger saving in fixed capital—namely, in the amount of money which he must have available at all times. Finally, it goes without saying that where industrial labor is highly developed—i.e., where almost all manual crafts have become factory labor—the entire capital of the small capitalist is not enough to procure for him even the necessary fixed capital. It is well known that large-scale [agricultural] cultivation generally requires only a small number of hands.

The accumulation of large capitals is generally accompanied by a concentration and simplification of fixed capital, as compared with the smaller capitalists. The big capitalist establishes for himself some kind of organization of the instruments of labor.

“Similarly, in the sphere of industry every factory and every workshop is a more comprehensive combination of a larger material property with numerous and varied intellectual abilities and technical skills which have as their shared aim the development of production.... Where legislation preserves the unity of large landed properties, the surplus quantity of a growing population crowds together into industry, and it is therefore mainly in industry that the proletariat gathers in large numbers, as in Great Britain. But, where legislation allows the continuous division of the land, as in France, the number of small, debt-ridden proprietors increases and many of them are forced into the class of the needy and the discontented. Should this division and indebtedness go far enough, in the same way as big industry destroys small industry; and since larger landholding complexes once more come into being, many propertyless workers no longer needed on the land are, in this case too, forced into industry.” [Schulz, pp. 58-9]

“The character of commodities of the same sort changes as a result of changes in the nature of production, and in particular as a result of mechanization. Only by
eliminating human labor has it become possible to spin from a pound of cotton worth 3s. 8d., 350 hanks worth 25 guineas and 167 miles in length.” [Schulz, p. 62]

“On average, the prices of cotton goods have fallen by 11/12ths over the past 45 years, and according to Marshall’s calculations a quantity of manufacture costing 16s. in 1814 now cost 1s. 10d. The drop in prices of industrial products has meant both a rise in home consumption and an increase in the foreign market; as a result, the number of cotton workers in Great Britain not only did not fall after the introduction of machinery, but rose from 40,000 to 1.5 million. As for the earnings of industrial employers and workers, the growing competition among factory owners has inevitably resulted in a drop in profits in proportion to the quantity of products. Between 1820 and 1833, the gross profit made by Manchester manufacturers on a piece of calico fell from 4s. 1.5d. to 1s. 9d. But, to make up for this loss, the rate of production has been correspondingly increased. The consequence is that there have been instances of overproduction in some branches of industry; that there are frequent bankruptcies, which create fluctuations of property within the class of capitalists and masters of labor, and force a number of those who have been ruined economically into the ranks of the proletariat; and that frequent and sudden restriction in employment among the class of wage-earners.” [Schulz, p. 63]

“To hire out one’s labor is to begin one’s enslavement; to hire out the materials of labor is to achieve one’s freedom.... Labor is man, while matter contains nothing human.” [Pecqueur, pp. 411-12]

“The element of matter, which can do nothing to create wealth without the element of labor, acquires the magical property of being fruitful for them [that is, for the property owners], as if they themselves had provided this indispensable element.” [Pecqueur, p. 412]

“If we assume that a worker can earn an average of 400 francs a year from his daily labor, and that this sum is sufficient for one adult to eke out a living, then anyone who receives 2,000 francs in interest or rent is indirectly forcing 5 men to work for him; an income of 100,000 francs represents the labor of 250 men; and 1,000,000 francs the labor of 2,500 (300 million—Louis Philippe—therefore represents the labor of 750,000 workers).” [Pecqueur, pp. 412-13]

“The property owners have received from human law the right to use and abuse the materials of all labor—i.e., to do as they wish with them.... There is no law which obliges them punctually and at all time to provide work for those who do not own property or to pay them a wage which is at all times adequate, etc.” [Pecqueur, p. 413]

“Complete freedom as to the nature, the quantity, the quality, and the appropriateness of production, the use and consumption of wealth and the disposal of the materials of all labor. Everyone is free to exchange his possessions as he chooses, without any other consideration than his own interest as an individual.” [Pecqueur, p. 413]

“Competition is simply an expression of free exchange, which is itself the immediate and logical consequence of the right of any individual to use and abuse all instruments of production. These three economic moments, which are in reality only one—the right to use and abuse, freedom of exchange and unrestricted competition—have the following consequences: each produces what he wants, how he wants, when he wants, where he wants; he produces well or he produces badly, too much or not enough, too late or too early, too dear or too cheap; no one knows whether he will sell, to whom he will sell, how he will sell, when he will sell, where he will sell; the same goes for buying. The producer is acquainted with neither the needs nor the resources, neither the demand nor the supply. He sells when he wants, then he can, where he wants, to whom he wants and at the price he wants. The same goes for buying. In all this he is at all times the plaything of chance, the slave of the law of the
strongest, of the least pressed, of the richest.... While at one point there is a shortage of wealth, at another there is a surfeit and squandering of the same. While one producer sells a great deal, or at high prices and with an enormous profit, another sells nothing or sells at a loss.... Supply is ignorant of demand, and demand is ignorant of supply. You produce on the basis of a preference or a fashion prevalent among the consuming public; but by the time you are preparing to put your commodity on the market, the mood has passed and some other kind of product has come into fashion.... The inevitable consequences are continual and spreading bankruptcies, miscalculations, sudden collapses, and unexpected fortunes; trade crises, unemployment, periodic surfeits and shortages; instability and decline of wages and profits; the loss or enormous waste of wealth, of time, and of effort in the arena of fierce competition.” [Pecqueur, p. 414-16]

Ricardo in his book [On the Principles of Political Economy et al] (rent of land): Nations are merely workshops for production, and man is a machine for consuming and producing. Human life is a piece of capital. Economic laws rule the world blindly. For Ricardo, men are nothing, the product everything. In Chapter 26, of the French translation, we read:

“To an individual with a capital of 20,000 pounds, whose profits were 2,000 per annum, it would be a matter quite indifferent whether his capital would employ a hundred or a thousand men... is not the real interest of the nation similar? Provided its net real income, its rents and profits, be the same, it is of no importance whether the nation consists of 10 or 12 million inhabitants.” [Ricardo, pp. 234-5]

“In truth,” says M. de Sismondi, “it remains only to desire that the king, who has been left quite alone on the island, should, by continuously cranking up a number of automatons, get all England’s work done.” [J. C. L. Simonde de Sismondi, Nouveaux principes d’economic politique, 2 volumes, Paris, 1819, II, p. 331]

“The master who buys a worker’s labor at a price so low that it is barely enough to meet his most pressing needs is responsible neither for the low wages nor the long hours of work: he himself is subject to the law which he imposes.... Misery is the product not so much of men as of the power of things.” [Buret, I, p. 82]

“The inhabitants of many different parts of Great Britain have not capital sufficient to improve and cultivate all their lands. The wool of the southern counties of Scotland is, a great part of it, after a long land carriage through very bad roads, manufactured in Yorkshire, for want of capital to manufacture it at home. There are many little manufacturing towns in Great Britain, of which the inhabitants have not capital sufficient to transport the produce of their own industry to those distant markets where there is demand and consumption for it. If there are any merchants among them, they are properly only the agents of wealthier merchants who reside in some of the greater commercial cities.” [Smith, I, pp. 326-7]

“The annual produce of the land and labor of any nation can be increased in its value by no other means but by increasing either the number of its productive laborers, or the productive powers of those laborers who had before been employed.... In either case, an additional capital is almost always required.” [Smith, I, pp. 306-7]

“As the accumulation of stock must, in the nature of things, previous to the division of labor, so labor can be more and more subdivided in proportion only as stock is previously more and more accumulatit. The quantity of materials which the same number of people can work up, increases in a great proportion as labor comes to be more and more subdivided; and as the operations of each workman are gradually reduced to a greater degree of simplicity, a variety of new machines come to be invented for facilitating and abridging these operations. As the division of labor advances, therefore, in order to give constant employment to an equal number of workmen, an equal stock of provisions, and a greater stock of materials and
tools than what would have been necessary in a ruder state of things, must be accumulated beforehand. But the number of workmen in every branch of business generally increases with the division of labor in that branch, or rather it is the increase of their number which enables them to class and subdivide themselves in this manner.” [Smith, I, pp. 241-2]

“As the accumulation of stock is previously necessary for carrying on this great improvement in the productive powers of labor, so that accumulation naturally leads to this improvement. The person who employs his stock in maintaining labor, necessarily wishes to employ it in such a manner as to produce as great a quantity of work as possible. He endeavors, therefore, both to make among his workmen the most proper distribution of employment, and to furnish them with the best machines which he can either invent or afford to purchase. His abilities in both these respects are generally in proportion to the extent of his stock, or to the number of people it can employ. The quantity of industry, therefore, not only increases in every country with the increase of the stock which employs it, but, in consequence of that increase, the same quantity of industry produces a much greater quantity of work.” [Smith, I, p. 242]

Hence overproduction.

“More extensive combinations of productive forces... in trade and industry through the unification of more numerous and more varied human and natural forces for undertakings on a larger scale. Also, there are already a number of cases of closer links among the main branches of production themselves. Thus, large manufacturers will try to acquire large estates in order to avoid depending on others for at least a part of the raw materials they need for their industry; or they will set up a trading concern linked to their industrial enterprises and not only sell their own products but buy up and retail other sorts of goods to their workers. In England, where there are some factory owners who employ between 10- and 12,000 workers... similar combinations of different branches of production under the control of one man, small states or provinces within a state, are not uncommon. For example, the mine-owners near Birmingham recently took over the entire process of iron production, which was previously in the hands of several different entrepreneurs and owners. See ‘Der bergannische Distrikt bei Birmingham’, Deutsche Vierteljahresschrift, no.3, 1838. Finally, in the larger joint-stock companies, which have become so numerous, we find extensive combinations of the financial resources of many shareholders with the scientific and technical knowledge and skills of others to whom the execution of the work is entrusted. In this way, it is possible for many capitalists to apply their savings in a more diversified way and even invest them simultaneously in agricultural, industrial, and commercial production; as a result, their interests also become more diversified and the conflict between agricultural, industrial, and commercial interests begins to fade away. But the greater ease with which capital can be employed fruitfully in the most varied fields inevitably increases the conflict between the propertied and the propertyless classes.” [Schulz, pp. 241-2]

The enormous profit which the landlords make out of misery. The greater the misery caused by industry, the higher the rent. It is the same with the rate of interest on the vices of the proletariat. (Prostitution, drinking, the pawnbroker.)

The accumulation of capitals increases and the competition between them diminishes, as capital and landed property are united together in one hand and capital is enabled, because of its size, to combine different branches of production.

Indifference towards men. Smith’s 20 lottery tickets. [Smith, I, p. 94]

Say’s net and gross revenue.


Rent of Land

The right of the landowners can be traced back to robbery. [Say, I, p. 136, n.2] Landowners, like all other men, love to reap where they never sowed, and demand a rent even for the natural produce of the land. [Smith, I, p. 44]

“The rent of land, it may be thought, is frequently no more than a reasonable profit or interest for the stock laid out by the landlord upon its improvement. This, no doubt, may be partly the case upon some occasions.... The landlord demands a rent even for unimproved land, and the supposed interest or profit upon the expense of improvement is generally an addition to this original rent. Those improvements, besides, are not always made by the stock of the landlord, but sometimes by that of the tenant. When the lease comes to be renewed, however, the landlord commonly demands the same augmentation of rent as if they had been all made by his own.

“He sometimes demands rents for what is altogether incapable of human improvements.” [Smith, I, p. 131]

Smith gives as an example of this last case, kelp, a species of seaweed which, when burnt, yields an alkaline salt useful for making glass, soap, etc. It grows in several parts of Great Britain, especially in Scotland, but only upon such rocks as lie within the high water mark, which are twice every day covered with the sea and of which the produce, therefore, was never augmented by human industry. The landlord, however, whose estate is bounded by a kelp shore of this kind, demands a rent for it as much as for his corn fields. The sea in the neighborhood of the islands of Shetland is more than commonly abundant in fish, which make a great part of the subsistence of their inhabitants. But in order to profit by the produce of the water, they must have a habitation on the neighboring land. The rent of the landlord is in proportion, not to what the farmer can make by the land, but by what he can make both by the land and by the water.

“This rent may be considered as the produce of those power, the use of which the landlord lends to the farmer. It is greater or smaller according to the supposed extent of those powers, or in other words, according to the supposed natural of improved fertility of the land. It is the work of nature which remains after deducting or compensation everything which can be regarded as the work of man.” [Smith, I, pp. 324-5]

“The rent of land, therefore, considered as the price paid for the use of land, is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take; but to what the farmer can afford to give.” [Smith, I, p. 131]

“They [landlords] are the only ones of the three orders whose revenue costs them neither labor nor care, but comes to them, as it were, of its own accord, and independent of any plan or project of their own. [Smith, I, p. 230]

We have already seen how the volume of rent depends upon the degree of fertility of the land.

“The rent of land not only varies with its fertility, whatever be its produce, but with its situation, whatever be its fertility.” [Smith, I, p. 133]

“The produce of lands, mines, and fisheries, when their natural fertility is equal, is in proportion to the extent and proper application of the capitals employed about them. When the capitals are equal and equally well applied, it is in proportion to their natural fertility.” [Smith, I, p. 249]

These proportions of Smith are important, because they reduce the rent land, where costs of production and size are equal, to the degree of fertility of the soil. This clearly demonstrates the perversion of concepts in political economy, which turns the fertility of the soil into an attribute of the landlord.

But let us now examine the relation between landlord and tenant.

“In adjusting the terms of the lease, the landlord endeavors to leave him no greater share of the product than what is sufficient to keep up the stock from which he furnishes the seed, pays the labor, and purchases and maintains the cattle and other instruments of husbandry, together with
the ordinary profits of farming stock in the neighborhood. This is evidently the smallest share with which the tenant can content himself without being a loser, and the landlord seldom means to leave him any more. Whatever part of the produce, or, what is the same thing, whatever part of the price is over and above this share, he naturally intends to reserve himself as the rent of his land, which is evidently the highest the tenant can afford to pay in the actual circumstances of the land.... This portion... may still be considered as the natural rent of land, or the rent for which it is actually meant that land should for the most part be let.” [Smith, I, p. 130-31]

“The landlords,” says Say, “operate a certain kind of monopoly against the tenants. The demands for their commodity, which is land, is capable of an infinite expansion; but the supply can only increase up to a certain point.... The agreement reached between landlord and tenant is always as advantageous as possible to the former.... Apart from the advantage which he derives from the nature of the case, he derives a further one from his position, his larger fortune, his credit and his standing; but the first of these advantages is in itself enough to enable him at all times to profit from the favorable circumstances of the land. The opening of a canal or road and a growth in population and prosperity in a canton always raise the price of the rent.... What is more, even if the tenant makes improvement on his plot of land at his own expense, he can only benefit from this capital for the duration of his lease; when his lease runs out, this capital remains in the hands of the landlord. From this moment on, it is the latter who reaps the interest, even though it was not he who made the original outlay; for now the rent is raised proportionately.” [Say, II, pp. 142-3]

“Rent, considered as the price paid for the use of land, is naturally the highest which the tenant can afford to pay in the actual circumstances of the land.” [Smith, I, p. 130]

“The rent of an estate above ground commonly mounts to what is supposed to be a third of the gross produce; and it is generally a rent certain and independent of the occasional variations in the crop.” [Smith, I, p. 153]

Rent “is seldom less than a fourth, and frequently more than a third of the whole produce.” [Smith, I, p. 325]

Ground rent cannot be paid in the case of all commodities. For example, in many districts no rent is paid for stones.

“Such parts only of the produce of land can commonly be brought to market of which the ordinary price is sufficient to replace the stock which must be employed in bringing them thither, together with its ordinary profits. If the ordinary price is more than this, the surplus part of it will naturally go to the rent of the land. If it is not more, though the commodity may be brought to market, it can afford no rent to the landlord. Whether the price is or is not more depends upon the demand.” [Smith, I, p. 132]

“Rent, it is to be observed, therefore, enters into the composition of the price of commodities in a different way from wages and profit. High or low wages and profit are the causes of high or low prices; high or low rent is the effect of it.” [Smith, I, p. 132]

Among the products which always yield a rent is food.

“As men, like all other animals, naturally multiply in proportion the means of subsistence, food is always, more or less, in demand. It can always purchase or command a greater or smaller quantity of labor, and somebody can always be found who is willing to do something in order to obtain it. The quantity of labor, indeed, which it can purchase is not always equal to what it could maintain, if managed in the most economical manner, on account of the high wages which are sometimes given to labor. But it can always purchase such a quantity of labor as it can maintain, according to the rate at which that sort of labor is commonly maintained in the neighborhood.

“But land, in almost any situation, produces a greater quantity of food than what is sufficient to maintain all the labor necessary for bringing it to market in the most liberal way in which that labor is ever maintained. The surplus, too, is always more than sufficient to replace the stock
which employed that labor, together with its profits. Something, therefore, always remains for a rent to the landlord.” [Smith, I, p. 132-3]

“Food is, in this manner, not only the original source of rent, but every other part of the produce of land which afterwards affords rent derives that part of its value from the improvement of the powers of labor in producing food by means of the improvement and cultivation of land.” [Smith, I, p. 150]

“Human food seems to be the only produce of land which always and necessarily affords a rent to the landlord.” [Smith, I, p. 147]

“Countries are populous not in proportion to the number of people whom their produce can clothe and lodge, but in proportion to that of those whom it can feed.” [Smith, I, p. 149]

“After food, clothing, and lodging, are the two great wants of mankind.” [Smith, I, p. 147]

They generally yield a rent, but not necessarily. Let us now see how the landlord exploits everything which is to the benefit of society.

(1) The rent of land increases with population.
(2) We have already learnt from Say how ground rent rises with railways, etc., and with the improvement, security, and multiplication of the means of communication.
(3) “... every improvement in the circumstances of the society tends either directly or indirectly to raise the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labor, or the produce of the labor of other people.

“The extension of improvement and cultivation tends to raise it directly. The landlord’s share of the produce necessarily increases with an increase of the produce.

“That rise in the real price of those parts of the rude produce of land... the rise in the price of cattle, for example, tends too to raise the rent of land directly, and in a still greater proportion. The real value of the landlord’s share, his real command of the labor of other people, not only rises with the real value of the produce, but the proportion of his share to the whole produce rises with it. That produce, after the rise in its real price, requires no more labor to collect it than before. A smaller proportion of it will, therefore, be sufficient to replace, with the ordinary profit, the stock which employs that labor. A greater proportion of it must, consequently, belong to the landlord.” [Smith, I, pp. 228-29]

The greater the demand for raw products and the consequent rise in their value may partly be a result of the increase in population and the growth of their needs. But every new invention and every new application in manufacture of a raw material which was previously not used at all or only used rarely, makes for an increase in the ground rent. For example, the rent of coal-mines rose enormously when railways, steamships, etc., were introduced.

Besides this advantage which the landlord derives from manufacture, discoveries, and labor, there is another that we shall see presently.

(4) “All those improvements in the productive powers of labor, which tend directly to reduce the real price of manufactures, tend indirectly to raise the real rent of land. The landlord exchanges that part of his rude produce, which is over and above his own consumption, or what comes to the same thing, the price of that part of it, for manufactured produce. Whatever reduces the real price of the latter, raises that of the former. An equal opportunity of the former becomes thereby equivalent to a greater quantity of the latter; and the landlord is enabled to purchase a greater quantity of the conveniences, ornaments, or luxuries, which he has occasion for.” [Smith, I, pp. 228-29]

But it is foolish to conclude, as Smith does, that since the landlord exploits everything which is of benefit to society, the interest of the landlord is always identical with that of society. In the economic system, under which the rule of private property, the interest which any individual has in society is in inverse
proportion to the interest which society has in him, just as the interest of the moneylender in the spendthrift is not at all identical with the interest of the spendthrift.

We mention only in passing the landlord’s obsession with monopoly against the landed property of foreign countries, which is the reason, for example, for the corn laws. We shall similarly pass over mediaeval serfdom, slavery in the colonies and the distress of the rural population—the day-laborers—in Great Britain. Let us confine ourselves to the propositions of political economy itself.

(1) The landlord’s interest in the well-being of society means, according to the principles of political economy, that he is interested in the growth of its population and its production and the increase of its needs, in a word, in the increase of wealth; and the increase of wealth is, if our previous observations are correct, identical with the growth of misery and slavery. The relationship of rising rents and rising misery is one example of the landlord’s interest in society, for a rise in house rent also means a rise in ground rent—the interest on the land on which the house stands.

(2) According to the political economists themselves, the interest of the landlord is fiercely opposed to that of the tenant, and therefore of a considerable section of society.

(3) The landlord is in a position to demand more rent from the tenant the less wages the tenant pays out, and the more rent the landlord demands the further the tenant pushes down the wages. For this reason, the landlord’s interest is just as opposed to that of the farm laborer as the manufacturer’s is to that of the workers. It likewise pushes wages down to a minimum.

(4) Since a real reduction in the price of manufactured products puts up the rent of land, the landowner has a direct interest in depressing the wages of the factory worker, in competition among the capitalists, in overproduction and in all the misery occasioned by industry.

(5) So the interest of the landowner, far from being identical with the interest of society, is fiercely opposed to the interests of the tenants, the farm laborers, the factory workers, and the capitalists. But, as a result of competition, the interest of one landowner is not even identical with that of another. We shall now take a look at competition.

Generally speaking, large landed property and small landed property are in the same relation to one another as large and small capital. In addition, however, there are special circumstances which lead, without fail, to the accumulation of large landed property and the swallowing up of small properties.

(1) Nowhere does the number of workers and the amount of equipment decline so greatly in proportion to the size of the stock as in landed property. Similarly, nowhere does the possibility of many-sided exploitation, the saving of proportion costs and the judicious division of labor increase more in proportion to that stock than in this sphere. Whatever the size of the plot, there is a certain minimum of tools required—a plough, a saw, etc.—below which it is impossible to go, whereas there is no such lowermost limit to the size of the property.

(2) Large landed property accumulated for itself the interest on the capital which the tenant has invested in the improvement of the land. Small landed property must employ its own capital. The entire profit on this capital is lost to the investor.

(3) While every social improvement benefits the large landed property, it harms the small one, since it makes an increasingly large amount of ready money necessary.

(4) There are two further important laws of this competition to be considered:

(a) “... the rent of the cultivated land, of which the produce is human food, regulates the rent of the greater part of the other cultivated land.” [Smith, I, p. 144]

In the long run, only the large estate can produce sources of food such as cattle, etc. It is, therefore, in a position to regulate the rent of other land and force it down to a minimum.

The small landowner who works on his own account is, therefore, in the same relation to the big landowner as the craftsman who owns his own tools is to the factory owner. The small estate has become a mere tool. Ground rent disappears entirely for the small landowner; at the most, there remains to him the interest on his capital and the wages of his labor, for ground rent can be forced so low by competition that it becomes nothing more than the interest on capital not invested by the owner himself.
(b) Furthermore, we have already seen that given equal fertility and equally effective exploitation of lands, mines, and fisheries, the produce is in proportion to the extent of capital employed. Hence, the victory of the large landowner. Similarly, where equal amounts of capital are invested, the produce is in proportion to the degree of fertility. That is to say, where capitals are equal, victory goes to the owner of the more fertile land.

(c) “A mine of any kind may be said to be either fertile or barren, according as the quantity of mineral which can be brought from it by a certain quantity of labor is greater or less than what can be brought by an equal quantity from the greater part of other mines of the same kind.” [Smith, I, p. 151]

“The most fertile coal-mine, too, regulates the price of coals at all the other mines in its neighborhood. Both the proprietor and the undertaker of the work find, the one that he can get a greater rent, the other that he can get a greater profit by somewhat underselling all their neighbors. Their neighbors are soon obliged to sell at the same price, though they cannot so well afford it, and though it always diminishes, and sometimes takes away altogether both their rent and their profit. Some works are abandoned altogether; others can afford no rent, and can be wrought only by the proprietor.” [Smith, I, pp. 152-3]

“After the discover of the mines of Peru, the silver-mines of Europe were, the greater part of them, abandoned... This was the case, too, with the ancient mines of Peru, after the discovery of those of Potosi.” [Smith, I, p. 154]

What Smith says here of mines is more-or-less true of landed property in general.

(d) “The ordinary market price of land, it is to be observed, depends everywhere upon the ordinary market rate of interest... if the rent of land should fall short of the interest of money by a greater difference, nobody would buy the land, which would soon reduce its ordinary price. On the contrary, if the advantages should much more than compensate the difference, everybody would buy the land, which would soon raise its ordinary price.” [Smith, I, p. 320]

If follows from this relation between ground rent and interest on money that ground rent must continue to fall until eventually only the richest people can afford to live from it. This means an increase in competition between those landowners who do not lease out their land. Some of them are ruined. There is once again an accumulation of large landed property.

This competition has the further consequence that a large part of landed property falls into the hands of the capitalists; thus, the capitalist becomes landowners, just as the smaller landowners are, in general, nothing more than capitalists. In this way, a part of large landed property becomes industrial.

So, the final consequence of the abolition of the distinction between capitalist and landowner—which means that, in general, there remain only two classes in the population: the working class and the capitalist class. This selling off of landed property, and transformation of such property into a commodity, marks the final collapse of the old aristocracy and the final victory of the aristocracy of money.

(I) We refuse to join in the sentimental tears which romanticism sheds on this account. Romanticism always confuses the infamy of selling off the land with the entirely reasonable and, within the system of private property, inevitable and desirable consequence of the selling off of private property in land. In the first place, feudal landed property is already in essence land which has been sold off, land which has been estranged from man and now confronts him in the shape of a handful of great lords.

In feudal landownership, we already find the domination of the earth as of an alien power over men. The serf is an appurtenance of the land. Similarly, the heir through primogeniture, the firstborn son, belongs to the land. It inherits him. The rule of private property begins with property in land, which is its basis. But in the system of feudal landownership, the lord at least appears to be king of the land. In the same way, there is
still the appearance of a relationship between owner and land which is based on something more intimate than mere material wealth. The land is individualized with its lord, it acquires his status, it is baronial or ducal with him, has his privileges, his jurisdiction, his political position, etc. It appears as the inorganic body of its lord. Hence the proverb, *nulla terra sans maître* ("No land without its master"), which expresses the blending of nobility and landed property. In the same way, the rule of landed property does not appear directly as the rule of mere capital. Its relationship to those dependent upon it is more like that of a fatherland. It is a sort of narrow personality.

In the same way, feudal landed property gives its name to its lord, as does a kingdom to its king. His family history, the history of his house, etc.—all this individualizes his estate for him, and formally turns it into his house, into a person. Similarly, the workers on the estate are not in the position of *day-laborers*; rather, they are partly the property of the landowner, as are serfs, and they are partly linked to him through a relationship based on respect, submissiveness, and duty. His relation to them is therefore directly political, and even has an *agreeable* aspect. Customs, character, etc., vary from one estate to another and appear to be one with their particular stretch of land; later, however, it is only a man’s purse, and not his character or individuality, which ties him to the land. Finally, the feudal landowner makes no attempt to extract the maximum profit from his property. Rather, he consumes what is there and leaves the harvesting of it to his serfs and tenants. Such is the *aristocratic* condition of landownership, which sheds a romantic glory on its lords.

It is inevitable that this appearance should be abolished and that landed property, which is the root of private property, should be drawn entirely into the orbit of private property and become a commodity; that the rule of the property owner should appear as the naked rule of private property, of capital, divested of all political tincture; that the relationship between property owner and worker should be reduced to the economic relationship between the property owner and his property should come to an end, and that the property itself should become purely material wealth; that the marriage of interest with the land should take over from the marriage of honor, and that land, like man, should sink to the level of a venal object. It is inevitable that the root of landed property—sordid self-interest—should also manifest itself in its cynical form. It is inevitable that immovable monopoly should become mobile and restless monopoly, competition; and that the idle employment of the products of the sweat and blood of other people should become a brisk commerce in the same. Finally, it is inevitable under these conditions of competition that landed property, in the form of capital, should manifest its domination both over the working class and over the property owners themselves, inasmuch as the laws of the movement of capital are either ruining or raising them. In this way, the mediaeval saying *nulla terra sans seigneur* gives way to the modern saying *l’argent n’a pas de maître* ("Money knows no master"), which is an expression of the complete domination of dead matter over men.

(2) The following observations can be made in connection with the controversy over whether or not to divide up landed property.

The division of landed property negates the large-scale monopoly of landed property, abolishes it, but only by generalizing it. It does not abolish the basis of monopoly, which is private property. It attacks the existence, but not the essence, of monopoly. The consequence is that it falls foul of the laws of private property. For to divide up landed property corresponds to the movement of competition in the industrial sphere. Apart from the economic disadvantages of this division of the instruments of labor and separation of labor (not to be confused with the division of labor; this is not a case of dividing up work among a number of individuals, but of each individual doing the same work; it is a multiplication of the same work), this division of the land, like competition in industry, inevitably leads to further accumulation.

So wherever landed property is divided up, monopoly will inevitably reappear in an even more repulsive form—unless, that is, the division of landed property itself is negated or abolished. This does not mean a return to feudal property, but the abolition [Aufhebung] of private property is land altogether. The first step in the abolition of monopoly is always to generalize and extend its existence. The abolition of monopoly, when it has reached its broadest and most comprehensive existence, is its complete destruction. Association, when applied to the land, retains the benefits of large landed property from an economic point of view and realizes for the first time the tendency inherent in the division of land, namely equality. At the same time, association restores man’s intimate links to the land in a rational way, no longer mediated by serfdom, lordship, and an imbecile mystique of
property. This is because the earth ceases to be an object of barter, and through free labor and free employment once again becomes authentic, personal property for man. One great advantage of the division of the land is that its masses, who are no longer prepared to tolerate servitude, are destroyed by property in a different way from those in industry.

As for large landed property, its apologists have always sophistically identified the economic advantages inherent in large-scale agriculture with large landed property, as if these advantages would not on the one hand attain their fullest degree of development and on the other hand become socially useful for the first time once property abolished. Similarly, they have attacked the trading spirit of the small landowners, as if large-scale landownership, even in its feudal form, did not already contain within it the elements of barter—not to mention the modern English form, in which the feudalism of the landowner is combined with the huckstering and the industry of the tenant farmer.

Just as large-scale landed property can return the reproach of monopoly made against it by the advocates of division of the land, for the division of the land is also based on the monopoly of private property, so can the advocates of division return the reproach of partition, for partition of the land also exists—though in a rigid, ossified form—on the large estates. Indeed, division is the universal basis of private property. Besides, as the division of landed property leads once more to large landed property in the form of capital wealth, feudal landed property inevitably advances towards division or at least falls into the hands of the capitalists, however much it might twist and turn.

For large-scale landed property, as in England, drives the overwhelming majority of the population into the arms of industry and reduces its own workers to total misery. In this way, it creates and increases the power of its enemy, capital and industry, by driving the poor and an entire range of activities over to the other side. It makes the majority of the country industrial, and hence antagonistic to landed property. Where industry has acquired great power, as in England, it gradually forces large landed property to give up its monopoly against foreign countries and obliges it to compete with foreign landed property. For under the rule of industry, landed property could maintain its feudal proportions only by means of a monopoly against foreign countries, so as to protect itself against the universal laws of trade which contradict its feudal nature. Once exposed to competition, it is forced to obey the laws of competition, just like any other commodity which is subject to them. It too begins to fluctuate, to increase and diminish, to fly from one hand into another, and no law is any longer capable of keeping it in a few predestined hands, or, at any event, surrender to the power of the industrial capitalists.

Finally, large landed property, which has been forcibly preserved in this way and which has given rise alongside itself to an extensive industry, leads more rapidly to a crisis than does the division of landed property, alongside which the power of industry invariably takes second place.

It is clear from the case of England that large landed property has cast off its feudal character and assumed an industrial character insofar as it wants to make as much money as possible. It yields the owner the biggest possible rent and the tenant the biggest possible profit on his capital. As a consequence, the agricultural workers have already been reduced to a minimum, and the class of tenant farmers already represents within landed property the might of industry and capital. As a result of foreign competition, ground rent more or less ceases to be an independent source of income. A large part of the landowners is forced to take over from the tenants, some of whom are consequently reduced to the proletariat. On the other hand, many tenants will take possession of landed property; for the big landowners, who have given themselves up for the most part to squandering their comfortable revenue and are generally not capable of large-scale agricultural management, in many cases have neither the capital nor the ability to exploit the land. Therefore, a section of the big landowners is also ruined. Eventually wages, which have already been reduced to a minimum, must be reduced even further in order to meet the new competition, This then leads necessarily to revolution.

Landed property had to develop in each of these two ways, in order to experience in both of them its necessary decline; just as industry had to ruin itself both in the form of monopoly and in the form of competition before it could believe in man.
Estranged Labor

We have started out from the premises of political economy. We have accepted its language and its laws. We presupposed private property; the separation of labor, capital, and land, and likewise of wages, profit, and capital; the division of labor; competition; the conception of exchange value, etc. From political economy itself, using its own words, we have shown that the worker sinks to the level of a commodity, and moreover the most wretched commodity of all; that the misery of the worker is in inverse proportion to the power and volume of his production; that the necessary consequence of competition is the accumulation of capital in a few hands and hence the restoration of monopoly in a more terrible form; and that, finally, the distinction between capitalist and landlord, between agricultural worker and industrial worker, disappears and the whole of society must split into the two classes of property owners and propertyless workers.

Political economy proceeds from the fact of private property. It does not explain it. It grasps the material process of private property, the process through which it actually passes, in general and abstract formulae which it then takes as laws. It does not Comprehend these laws— i.e., it does not show how they arise from the nature of private property. Political economy fails to explain the reason for the division between labor and capital. For example, when it defines the relation of wages to profit, it takes the interests of the capitalists as the basis of its analysis— i.e., it assumes what it is supposed to explain. Similarly, competition is frequently brought into the argument and explained in terms of external circumstances. Political economy teaches us nothing about the extent to which these external and apparently accidental circumstances are only the expression of a necessary development. We have seen how exchange itself appears to political economy as an accidental fact. The only wheels which political economy sets in motion are greed, and the war of the avaricious— Competition.

Precisely because political economy fails to grasp the interconnections within the movement, it was possible to oppose, for example, the doctrine of competition to the doctrine of monopoly, the doctrine of craft freedom to the doctrine of the guild, and the doctrine of the division of landed property to the doctrine of the great estate; for competition, craft freedom, and division of landed property were developed and conceived only as accidental, deliberate, violent consequences of monopoly, of the guilds, and of feudal property, and not as their necessary, inevitable, and natural consequences.

We now have to grasp the essential connection between private property, greed, the separation of labor, capital and landed property, exchange and competition, value and the devaluation [Entwertung] of man, monopoly, and competition, etc. — the connection between this entire system of estrangement [Entfremdung] and the money system.

We must avoid repeating the mistake of the political economist, who bases his explanations on some imaginary primordial condition. Such a primordial condition explains nothing. It simply pushes the question into the grey and nebulous distance. It assumes as facts and events what it is supposed to deduce—namely, the necessary relationships between two things, between, for example, the division of labor and exchange. Similarly, theology explains the origin of evil by the fall of Man— i.e., it assumes as a fact in the form of history what it should explain.

We shall start out from a present-day economic fact.

The worker becomes poorer the more wealth he produces, the more his production increases in power and extent. The worker becomes an ever cheaper commodity the more commodities he produces. The devaluation of the human world grows in direct proportion to the increase in value of the world of things. Labor not only produces commodities; it also produces itself and the workers as a commodity and it does so in the same proportion in which it produces commodities in general.

This fact simply means that the object that labor produces, its product, stands opposed to it as something alien, as a power independent of the producer. The product of labor is labor embodied and made material in an object, it is the objectification of labor. The realization of labor is its objectification. In the sphere of political economy, this realization of labor appears as a loss of reality for the worker, objectification as loss of and bondage to the object, and appropriation as estrangement, as alienation [Entäußerung].

So much does the realization of labor appear as loss of reality that the worker loses his reality to the point of dying of starvation. So much does objectification appear as loss of the object that the
worker is robbed of the objects he needs most not only for life but also for work. Work itself becomes an object which he can only obtain through an enormous effort and with spasmodic interruptions. So much does the appropriation of the object appear as estrangement that the more objects the worker produces the fewer can he possess and the more he falls under the domination of his product, of capital.

All these consequences are contained in this characteristic, that the worker is related to the product of labor as to an alien object. For it is clear that, according to this premise, the more the worker exerts himself in his work, the more powerful the alien, objective world becomes which he brings into being over against himself, the poorer he and his inner world become, and the less they belong to him. It is the same in religion. The more man puts into God, the less he retains within himself. The worker places his life in the object; but now it no longer belongs to him, but to the object. The greater his activity, therefore, the fewer objects the worker possesses. What the product of his labor is, he is not. Therefore, the greater this product, the less is he himself. The externalization [Entäussersung] of the worker in his product means not only that his labor becomes an object, an external existence, but that it exists outside him, independently of him and alien to him, and begins to confront him as an autonomous power; that the life which he has bestowed on the object confronts him as hostile and alien.

Let us now take a closer look at objectification, at the production of the worker, and the estrangement, the loss of the object, of his product, that this entails.

The workers can create nothing without nature, without the sensuous external world. It is the material in which his labor realizes itself, in which it is active and from which, and by means of which, it produces.

But just as nature provides labor with the means of life, in the sense that labor cannot live without objects on which to exercise itself, so also it provides the means of life in the narrower sense, namely the means of physical subsistence of the worker.

The more the worker appropriates the external world, sensuous nature, through his labor, the more he deprives himself of the means of life in two respects: firstly, the sensuous external world becomes less and less an object belonging to his labor, a means of life of his labor; and, secondly, it becomes less and less a means of life in the immediate sense, a means for the physical subsistence of the worker.

In these two respects, then, the worker becomes a slave of his object; firstly, in that he receives an object of labor, i.e., he receives work, and, secondly, in that he receives means of subsistence. Firstly, then, so that he can exists as a worker, and secondly as a physical subject. The culmination of this slavery is that it is only as a worker that he can maintain himself as a physical subject and only as a physical subject that he is a worker.

(The estrangement of the worker in his object is expressed according to the laws of political economy in the following way:

1. the more the worker produces, the less he has to consume;
2. the more value he creates, the more worthless he becomes;
3. the more his product is shaped, the more misshapen the worker;
4. the more civilized his object, the more barbarous the worker;
5. the more powerful the work, the more powerless the worker;
6. the more intelligent the work, the duller the worker and the more he becomes a slave of nature.)

Political economy conceals the estrangement in the nature of labor by ignoring the direct relationship between the worker (labor) and production. It is true that labor produces marvels for the rich, but it produces privation for the worker. It produces palaces, but hovels for the worker. It produces beauty, but deformity for the worker. It replaces labor by machines, but it casts some of the workers back into barbarous forms of labor and turns others into machines. It produces intelligence, but it produces idiocy and cretinism for the worker.

The direct relationship of labor to its products is the relationship of the worker to the objects of his production. The relationship of the rich man to the objects of production and to production itself is only a consequence of this first relationship, and confirms it. Later, we shall consider this second aspect. Therefore, when we ask what is the essential relationship of labor, we are asking about the relationship of the worker to production.

Up to now, we have considered the estrangement, the alienation of the worker, only from one aspect—i.e., his relationship to the products of his labor. But estrangement manifests itself not only in the result, but also in the act of production, within the activity of production itself. How could the
product of the worker’s activity confront him as something alien if it were not for the fact that in the act of production he was estranging himself from himself? After all, the product is simply the resume of the activity, of the production. So if the product of labor is alienation, production itself must be active alienation, the alienation of activity, the activity of alienation. The estrangement of the object of labor merely summarizes the estrangement, the alienation in the activity of labor itself.

What constitutes the alienation of labor? Firstly, the fact that labor is external to the worker—i.e., does not belong to his essential being; that he, therefore, does not confirm himself in his work, but denies himself, feels miserable and not happy, does not develop free mental and physical energy, but mortifies his flesh and ruins his mind. Hence, the worker feels himself only when he is not working; when he is working, he does not feel himself. He is at home when he is not working, and not at home when he is working. His labor is, therefore, not voluntary but forced, it is forced labor. It is, therefore, not the satisfaction of a need but a mere means to satisfy needs outside itself. Its alien character is clearly demonstrated by the fact that as soon as no physical or other compulsion exists, it is shunned like the plague. External labor, labor in which man alienates himself, is a labor of self-sacrifice, of mortification. Finally, the external character of labor for the worker is demonstrated by the fact that it belongs not to him but to another, and that in it he belongs not to himself but to another. Just as in religion the spontaneous activity of the human imagination, the human brain, and the human heart, detaches itself from the individual and reappears as the alien activity of a god or of a devil, so the activity of the worker is not his own spontaneous activity. It belongs to another, it is a loss of his self.

The result is that man (the worker) feels that he is acting freely only in his animal functions—eating, drinking, and procreating, or at most in his dwelling and adornment—while in his human functions, he is nothing more than animal.

It is true that eating, drinking, and procreating, etc., are also genuine human functions. However, when abstracted from other aspects of human activity, and turned into final and exclusive ends, they are animal.

We have considered the act of estrangement of practical human activity, of labor, from two aspects: (1) the relationship of the worker to the product of labor as an alien object that has power over him. The relationship is, at the same time, the relationship to the sensuous external world, to natural objects, as an alien world confronting him, in hostile opposition. (2) The relationship of labor to the act of production within labor. This relationship is the relationship of the worker to his own activity as something which is alien and does not belong to him, activity as passivity [Leiden], power as impotence, procreation as emasculation, the worker’s own physical and mental energy, his personal life—for what is life but activity?—as an activity directed against himself, which is independent of him and does not belong to him. Self-estrangement, as compared with the estrangement of the object [Sache] mentioned above.

We now have to derive a third feature of estranged labor from the two we have already examined.

Man is a species-being, not only because he practically and theoretically makes the species—both his own and those of other things—his object, but also—and this is simply another way of saying the same thing—because he looks upon himself as the present, living species, because he looks upon himself as a universal and therefore free being.

Species-life, both for man and for animals, consists physically in the fact that man, like animals, lives from inorganic nature; and because man is more universal than animals, so too is the area of inorganic nature from which he lives more universal. Just as plants, animals, stones, air, light, etc., theoretically form a part of human consciousness, partly as objects of science and partly as objects of art—his spiritual inorganic nature, his spiritual means of life, which he must first prepare before he can enjoy and digest them—so, too, in practice they form a part of human life and human activity. In a physical sense, man lives only from these natural products, whether in the form of nourishment, heating, clothing, shelter, etc. The universality of man manifests itself in practice in that universality which makes the whole of nature his inorganic body, (1) as a direct means of life and (2) as the matter, the object, and the tool of his life activity. Nature is man’s inorganic body—that is to say, nature insofar as it is not the human body. Man lives from nature—i.e., nature is his body—and he must maintain a continuing dialogue with it is he is not to die. To say that man’s physical and mental life is linked to nature simply means that nature is linked to itself, for man is a part of nature.
Estranged labor not only (1) estranges nature from man and (2) estranges man from himself, from his own function, from his vital activity; because of this, it also estranges man from his species. It turns his species-life into a means for his individual life. Firstly, it estranges species-life and individual life, and, secondly, it turns the latter, in its abstract form, into the purpose of the former, also in its abstract and estranged form.

For in the first place labor, life activity, productive life itself, appears to man only as a means for the satisfaction of a need, the need to preserve physical existence. But productive life is species-life. It is life-producing life. The whole character of a species, its species-character, resides in the nature of its life activity, and free conscious activity constitutes the species-character of man. Life appears only as a means of life.

The animal is immediately one with its life activity. It is not distinct from that activity; it is that activity. Man makes his life activity itself an object of his will and consciousness. He has conscious life activity. It is a determination with which he directly merges. Conscious life activity directly distinguishes man from animal life activity. Only because of that is he a species-being. Or, rather, he is a conscious being—i.e., his own life is an object for him, only because he is a species-being. Only because of that is his activity free activity. Estranged labor reverses the relationship so that man, just because he is a conscious being, makes his life activity, his being [Wesen], a mere means for his existence.

The practical creation of an objective world, the fashioning of inorganic nature, is proof that man is a conscious species-being—i.e., a being which treats the species as its own essential being or itself as a species-being. It is true that animals also produce. They build nests and dwelling, like the bee, the beaver, the ant, etc. But they produce only their own immediate needs or those of their young; they produce only when immediate physical need compels them to do so, while man produces even when he is free from physical need and truly produces only in freedom from such need; they produce only themselves, while man reproduces the whole of nature; their products belong immediately to their physical bodies, while man freely confronts his own product. Animals produce only according to the standards and needs of the species to which they belong, while man is capable of producing according to the standards of every species and of applying to each object its inherent standard; hence, man also produces in accordance with the laws of beauty.

It is, therefore, in his fashioning of the objective that man really proves himself to be a species-being. Such production is his active species-life. Through it, nature appears as his work and his reality. The object of labor is, therefore, the objectification of the species-life of man: for man produces himself not only intellectually, in his consciousness, but actively and actually, and he can therefore contemplate himself in a world he himself has created. In tearing away the object of his production from man, estranged labor therefore tears away from him his species-life, his true species-objectivity, and transforms his advantage over animals into the disadvantage that his inorganic body, nature, is taken from him.

In the same way as estranged labor reduces spontaneous and free activity to a means, it makes man’s species-life a means of his physical existence.

Consciousness, which man has from his species, is transformed through estrangement so that species-life becomes a means for him.

(3) Estranged labor therefore, turns man’s species-being—both nature and his intellectual species-power—into a being alien to him and a means of his individual existence. It estranges man from his own body, from nature as it exists outside him, from his spiritual essence [Wesen], his human existence.

(4) An immediate consequence of man’s estrangement from the product of his labor, his life activity, his species-being, is the estrangement of man from man. When man confronts himself, he also confronts other men. What is true of man’s relationship to his labor, to the product of his labor, and to himself, is also true of his relationship to other men, and to the labor and the object of the labor of other men.

In general, the proposition that man is estranged from his species-being means that each man is estranged from the others and that all are estranged from man’s essence.

Man’s estrangement, like all relationships of man to himself, is realized and expressed only in man’s relationship to other men.

In the relationship of estranged labor, each man therefore regards the other in accordance with the standard and the situation in which he as a worker finds himself.

We started out from an economic fact, the estrangement of the worker and of his production. We gave this fact conceptual form:
estranged, alienated labor. We have analyzed this concept, and in so doing merely analyzed an economic fact.

Let us now go on to see how the concept of estranged, alienated labor must express and present itself in reality.

If the product of labor is alien to me, and confronts me as an alien power, to whom does it then belong?
To a being other than me.
Who is this being?
The gods? It is true that in early times most production—e.g., temple building, etc., in Egypt, India, and Mexico—was in the service of the gods, just as the product belonged to the gods. But the gods alone were never the masters of labor. The same is true of nature. And what a paradox it would be if the more man subjugates nature through his labor and the more divine miracles are made superfluous by the miracles of industry, the more he is forced to forgo the joy of production and the enjoyment of the product out of deference to these powers.

The alien being to whom labor and the product of labor belong, in whose service labor is performed, and for whose enjoyment the product of labor is created, can be none other than man himself.

If the product of labor does not belong to the worker, and if it confronts him as an alien power, this is only possible because it belongs to a man other than the worker. If his activity is a torment for him, it must provide pleasure and enjoyment for someone else. Not the gods, not nature, but only man himself can be this alien power over men.

Consider the above proposition that the relationship of man to himself becomes objective and real for him only through his relationship to other men. If, therefore, he regards the product of his labor, his objectified labor, as an alien, hostile, and powerful object which is independent of him, then his relationship to that object is such that another man—alien, hostile, powerful, and independent of him—is its master. If he relates to his own activity as unfree activity, then he relates to it as activity in the service, under the rule, coercion, and yoke of another man.

Every self-estrangement of man from himself and nature is manifested in the relationship he sets up between other men and himself and nature. Thus, religious self-estrangement is necessarily manifested in the relationship between layman and priest, or, since we are dealing here with the spiritual world, between layman and mediator, etc. In the practical, real world, self-estrangement can manifest itself only in the practical, real relationship to other men. The medium through which estrangement progresses is itself a practical one. So through estranged labor man not only produces his relationship to the object and to the act of production as to alien and hostile powers; he also produces the relationship in which other men stand to his production and product, and the relationship in which he stands to these other men. Just as he creates his own production as a loss of reality, a punishment, and his own product as a loss, a product which does not belong to him, so he creates the domination of the non-producer over production and its product. Just as he estranges from himself his own activity, so he confers upon the stranger an activity which does not belong to him.

Up to now, we have considered the relationship only from the side of the worker. Later on, we shall consider it from the side of the non-worker.

Thus, through estranged, alienated labor, the worker creates the relationship of another man, who is alien to labor and stands outside it, to that labor. The relation of the worker to labor creates the relation of the capitalist—or whatever other word one chooses for the master of labor—to that labor. Private property is therefore the product, result, and necessary consequence of alienated labor, of the external relation of the worker to nature and to himself.

Private property thus derives from an analysis of the concept of alienated labor—i.e., alienated man, estranged labor, estranged life, estranged man.

It is true that we took the concept of alienated labor (alienated life) from political economy as a result of the movement of private property. But it is clear from an analysis of this concept that, although private property appears as the basis and cause of alienated labor, it is in fact its consequence, just as the gods were originally not the cause but the effect of the confusion in men’s minds. Later, however, this relationship becomes reciprocal.

It is only when the development of private property reaches its ultimate point of culmination that this, its secret, re-emerges; namely, that is (a) the product of alienated labor, and (b) the means through which labor is alienated, the realization of this alienation.

This development throws light upon a number of hitherto unresolved controversies.
Political economy starts out from labor as the real soul of production and yet gives nothing to labor and everything to private property. Proudhon has dealt with this contradiction by deciding for labor and against private property [see his 1840 pamphlet, *Qu’est-ce que la propriété*?]. But we have seen that this apparent contradiction is the contradiction of estranged labor with itself and that political economy has merely formulated laws of estranged labor.

It, therefore, follows for us that wages and private property are identical: for there the product, the object of labor, pays for the labor itself, wages are only a necessary consequence of the estrangement of labor; similarly, where wages are concerned, labor appears not as an end in itself but as the servant of wages. We intend to deal with this point in more detail later on: for the present we shall merely draw a few conclusions.

An enforced rise in wages (disregarding all other difficulties, including the fact that such an anomalous situation could only be prolonged by force) would therefore be nothing more than better pay for slaves and would not mean an increase in human significance or dignity for either the worker or the labor.

Even the equality of wages, which Proudhon demands, would merely transform the relation of the present-day worker to his work into the relation of all men to work. Society would then be conceived as an abstract capitalist.

Wages are an immediate consequence of estranged labor, and estranged labor is the immediate cause of private property. If the one falls, then the other must fall too.

It further follows from the relation of estranged labor to private property that the emancipation of society from private property, etc., from servitude, is expressed in the political form of the emancipation of the workers. This is not because it is only a question of their emancipation, but because in their emancipation is contained universal human emancipation. The reason for this universality is that the whole of human servitude is involved in the relation of the worker to production, and all relations of servitude are nothing but modifications and consequences of this relation.

Just as we have arrived at the concept of private property through an analysis of the concept of estranged, alienated labor, so with the help of these two factors it is possible to evolve all economic categories, and in each of these categories—e.g., trade, competition, capital, money—we shall identify only a particular and developed expression of these basic constituents.

But, before we go on to consider this configuration, let us try to solve two further problems.

1. We have to determine the general nature of private property, as it has arisen out of estranged labor, in its relation to truly human and social property.

2. We have taken the estrangement of labor, its alienation, as a fact and we have analyzed that fact. How, we now ask, does man come to alienate his labor, to estrange it? How is this estrangement founded in the nature of human development? We have already gone a long way towards solving this problem by transforming the question of the origin of private property into the question of the relationship of estranged labor to the course of human development. For, in speaking of private property, one imagines that one is dealing with something external to man. In speaking of labor, one is dealing immediately with man himself. This new way of formulating the problem already contains its solution.

As to (1): The general nature of private property and its relationship to truly human property.

Alienated labor has resolved itself for us into two component parts, which mutually condition one another, or which are merely different expressions of one and the same relationship. Appropriation appears as estrangement, as alienation; and alienation appears as appropriation, estrangement as true admission to citizenship.

We have considered the one aspect, alienated labor in relation to the worker himself—i.e., the relation of alienated labor to itself. And as product, as necessary consequence of this relationship, we have found the property relation of the non-worker to the worker and to labor. Private property as the material, summarized expression of alienated labor embraces both relations—the relation of the worker to labor and to the product of his labor and the non-workers, and the relation of the non-worker to the worker and to the product of his labor.

We have already seen that, in relation to the worker who appropriates nature through his labor, appropriation appears as estrangement, self-activity as activity for another and of another, vitality as a sacrifice of life, production of an object as loss of that object to an alien power, to an alien man. Let us now consider the
relation between this man, who is alien to labor and to the worker, and the worker, labor, and the object of labor.

The first thing to point out is that everything which appears for the worker as an activity of alienation, of estrangement, appears for the non-worker as a situation of alienation, of estrangement.

Secondly, the real, practical attitude of the worker in production and to the product (as a state of mind) appears for the non-worker who confronts him as a theoretical attitude.

Thirdly, the non-worker does everything against the worker which the worker does against himself, but he does not do against himself what he does against the worker.

Let us take a closer look at these three relationships.

[The First Manuscript breaks off here.]