

There must then be some modification of the relationship M-C, whose constituent elements, therefore, must in a way be treated as homogeneous flows, able to merge with each other. The ability of money to function as a means of payment now depends upon the extent to which bank credits can be transformed into wage payments, which can then be expended upon consumer goods; in their turn, wages as a 'strategic' form of income are nourished by bank finance. Thus economic policy, understood as the management of the economic conjuncture, modifies and encompasses the state's management of both money and labour-power. But these two key areas of state economic action remain of determining importance, insofar as money is different from credit, and labour-power is not the same as waged labour, whatever the changes in the forms and ideological representation accorded this latter.

Labour-power and money both belong to the world of commodities, but both occupy particular positions within it, and these positions call for state regulation. This is the basis of the capitalist state's economic action. Economic policy, however, only develops with changes in the relationship between classes, when labour-power becomes a working class, and when the working class is incorporated as an economic subject into a circuit of flows representing the formation and allocation of monetary revenues. The relationship between the state's economic action, which has become economic policy, and politics in general, now assumes new forms, which require investigation. These are the themes developed in the following chapters.

## I.

### State Management of Labour-Power

The first major field of state economic intervention – whether in the form of economic policy or not – concerns the regulation and management of the particular commodity labour-power. This managerial function corresponds to a requirement of capital which capital itself cannot meet. Several marxist authors have indicated how the reproduction of waged labour-power involves means and institutions external to capitalist enterprises.

Beyond this common recognition, however, their analyses diverge. Thus, Althusser emphasises the role of the school as a state ideological apparatus, in which workers acquire 'know-how' in forms which are far from purely technical and thus guarantee submission to the dominant ideology.<sup>1</sup> Grevet argues that 'anything which is not immediately required to maintain a producer of surplus value tends to be eliminated' by capital, with the result that 'non-commodity forms of maintenance' are needed to ensure the reproduction of labour-power as an 'exploited commodity'.<sup>2</sup> Meillassoux has shown how imperialism, by exploiting the household, is 'a mode of reproducing cheap labour-power', and has renewed marxist analysis of the wage form.<sup>3</sup>

Although it draws upon some of this work, the analysis presented here is different. It deals mainly with a type of state intervention whose form, while changing, always remains conditioned by the specifically capitalist characteristics of the use of labour-power. These characteristics embody two distinct, but complementary qualities: work discipline and insecurity of employment.

The 'despotism of the factory' awaits the proletarian bound to the labour market after being dispossessed of everything other than his or her capacity to work. The discipline of the labour market implies, in its turn, insecurity of employment: 'capital's functionaries', as Marx called them, are the capitalists, and not the workers. The labour market operates within the context of an in-

dustrial reserve army, whose size varies with the requirements of capitalist accumulation, but which never disappears completely. Insofar as it does not possess its own means of subsistence, the proletarian reserve army needs to be maintained if it is always to remain available as labour-power (at, of course, as cheap a rate as possible). Here non-capitalist institutions, more or less bound up with the state, intervene to guarantee the reproduction of the labour force within the terms set by the need to perpetuate insecurity of employment, and in a manner which will ensure the maintenance of discipline at work.

Insecurity of employment, which is a prerequisite of work discipline, contradicts capital's requirement for unlimited quantities of potentially wageable labour. If the un-waged are deprived of all means of subsistence, they cease to function as the indispensable reserve needed to supply the labour market. But their maintenance falls outside of the 'general formula for capital', *M-C-M'*. As Meillassoux has shown, the direct wage ( *salaire direct* ) provides for the 'reconstitution' of the worker during the period of employment, but not for the 'maintenance' of the unemployed or the ill, or for the costs of family maintenance (or 'reproduction').<sup>4</sup> Non-capitalist institutions are therefore indispensable for the management of the 'stock' of labour-power needed by capitalists, but which they themselves cannot secure directly.<sup>5</sup> The form of this management must maintain insecurity of employment, while merely limiting its effects, and must not affect discipline at work, while aiding those without work. The institution most adapted to these objectives was the nineteenth-century English workhouse, which displaced forms of charitable relief in either money or kind, was financed by the rates and lay somewhere between being a prison and a factory.

Even if this particular model of managing labour-power has disappeared, its principle has survived in other forms, since it is a requirement of capital. Those institutions concerned with correct behaviour, designed to discipline and punish – the school, the prison (which resembles the factory), the mechanisms of ideological formation and repression – all in their way function as components of the state's regulation of labour-power. Here, however, the emphasis falls upon those institutions concerned with labour-power as a particular commodity, remunerated by the wage, where non-capitalist regulation is called for by the insecurity of employment inseparable from capitalist production. The need to maintain the

continuous presence of the three elements – work discipline, insecurity of employment and a permanent supply of proletarian labour-power costing as little as possible – implies state intervention which is immanent in the process of capitalist accumulation at the same time as it is fundamentally external to it. The exteriority of the state's management of labour-power is the actual precondition of its immanent quality.

This type of management accompanies all phases of capitalist development; this is why that 'anachronism', the poor relief of the early nineteenth century, still remains embedded within the procedures of the most modern forms of social security, particularly in the United States. Changes within capitalist accumulation, and in the forms of class struggle, have transformed the conditions in which state management of labour-power operates, but there is a permanent residue derived from previous phases. We will see how this 'anachronism' has a class function, serving to disaggregate the proletariat through the co-existence of different forms of managing labour-power at any given moment, and by maintaining insecurity for the class as a whole.

## **I: The Specific Qualities of the Commodity Labour-Power**

### *(i) The Wage and the Maintenance of Workers*

The whole way in which capitalism appears to work leads to the idea that the wage is the 'price of labour'. At the surface of bourgeois society workers' incomes appear as the wages of labour: 'so much money for so much work'.<sup>6</sup> Thus capitalist exploitation, involving a distinction between labour producing the value of the goods necessary for the production of labour-power, and unpaid surplus labour creating surplus value, is obscured. Marx's distinction between labour and labour-power made it possible to decipher the 'mystery of the wage', and establish the concept of surplus value as the basis of capitalist profit. The wage covers the cost of labour-power, which is less than the value of the product which it produces.

The commodity labour-power is identical to other commodities in that its value is determined by the quantity of labour needed to produce the goods required for its maintenance. This perspective makes it possible to transform the concept of the wage, and integrate it into the theory of capitalist exploitation. It does

not, however, amount to an economic theory of the wage. Marx enumerates the use values needed to maintain and reproduce proletarian labour-power: running from the bundle of goods needed for subsistence, clothing and housing, to expenditure upon health and technical training; from, in other words, a certain physiological minimum to historically determined social needs. When these use values become commodities, they make up the value of labour-power. But their composition is not established within the process of capitalist production, even though this latter determines the difference between necessary and surplus labour, and hence the quantity of surplus value as the source of capitalist profit. Thus it is often the case that attempts to produce a theory of wages lead to two conflicting positions, either by tying the wage to the value of labour-power and seeking to produce a more or less accurate quantitative estimate of its value, or by considering the wage as an 'exogenous variable', dependent upon struggles over the share of the social product. The 'economism' of the bundle of goods perspective and the 'sociologism' of the struggle over distribution approach can both find some basis in one or another of Marx's formulations.

It is impossible to understand either capitalist exploitation, or the regulatory role of the state which is necessarily bound up with this relationship, without reference to value. Labour-power, however, is both an ordinary commodity (it has a value) and a particular one (its use value is to create value). The combination of these two characteristics requires further discussion, even if it is impossible to establish the value of labour-power here or do more than to suggest a line of inquiry and future research.

If the labour-power sold to a capitalist is remunerated by a wage, it is because it is used immediately in the process of production. If the worker is ill, or unemployed, he does not receive a direct wage ( *salaire direct* ). Thus, when it loses its use value, the commodity labour-power is 'de-monetised'; it loses its exchange value in as much as this latter represents the daily subsistence of the worker, but not the maintenance and reproduction of his or her labour-power. If the value of labour-power were to include not only the worker's subsistence requirements at work, but also the value of maintenance during unemployment, illness and that of dependent children, then the direct wage would be lower than this value. For capital necessarily gives priority to its own self-valorisation and does not assume complete responsibility for the reproduction of the labour-power which it none the less requires.

The wage bargain, as an expression of a contractual relationship between two 'proprietors', the one owning money capital, the other labour-power, is not only the juridical expression of the capitalist relationship of production. It also implies that the worker, as 'owner' of his or her labour-power, is responsible for its upkeep and that s/he, and not the capitalist, is obliged to ensure its reproduction. In these circumstances, either the wage received for time spent at work covers 'the value of reproducing' labour-power (*valeur de reproduction de la force de travail*),<sup>7</sup> or it corresponds only to the 'daily value' (*valeur quotidienne*)<sup>8</sup> of labour-power and, unless it is supplemented by various types of institutional allocations, is insufficient.

In July 1895, three hundred miners from the Spring Valley (Illinois) coal mines offered to sign an agreement with the mine owners under which they would give up their wages, provided that they and their families were given comfortable housing, food, clothing and heating. As justification for this return to serfdom, the three hundred miners stated that they had lacked the most elementary necessities of life since 1892, and that rather than continue in these conditions, they would prefer to become serfs.<sup>9</sup>

While capitalists require a regular supply of 'always available, always exploitable human material',<sup>10</sup> they absolve themselves of responsibility for the upkeep of the workers by the payment of wages. If the worker is to remain exploitable and available, the wage has to cover daily maintenance; if it did more, by guaranteeing reproduction, it would exceed its capitalist function and lose its necessary (although fallacious) appearance as the 'price of labour'. But the 'value of the reproduction' of labour-power has also to be taken into account. The commodity form, when it is extended to labour-power, submits it to a law of value which must be upheld, but which cannot be entirely upheld within the confines of capitalist production alone.

Pressure upon the direct wage, so that it does not exceed the 'daily value' of labour-power is a constant feature of capitalism. In his analysis of this, Marx distinguished between two periods: that of so-called 'primitive accumulation' during which the 'subordination of labour to capital was only formal', and that in which the capitalist mode of production is sufficiently developed for 'its organisation to break down all resistance'. During the first period,

the rising bourgeoisie needs the power of the state, and uses it to 'regulate' wages, i.e. to force them into the limits suitable for making

a profit, to lengthen the working day, and to keep the worker himself at his normal level of dependence. This is an essential aspect of so-called primitive accumulation.<sup>11</sup>

Legislative measures designed to establish this class power, adopted particularly during the sixteenth century, made it possible to impose capitalist exploitation upon workers by repressive means. Thus legally regulated wage rates, enforced in both towns and the countryside, for piecework and for day rates, could not be exceeded without incurring imprisonment. The wage was not allowed to rise above a legal maximum, or to fall below a legal minimum.

Wage regulation continued during the 'phase of manufacture' in the eighteenth century, although it began to fall into disuse. In Great Britain,

in 1813, the laws for the regulation of wages were repealed. They became an absurd anomaly as soon as the capitalist began to regulate his factory by his own private legislation, and was able to make up the wage of the agricultural labourer to the indispensable minimum by means of the poor rate.<sup>12</sup>

Once the phase of so-called primitive accumulation had ended, wage regulation became concerned with other objects, and no longer with the direct wage. The massive incorporation of workers into factories, which became the only sites of remunerated work, made it possible to impose capitalist work discipline. Direct capitalist control of the wage now became more a matter of the relationship between wage levels and the level of employment, through the formation of a 'relative surplus population'.

Marx established the 'law of population specific to the capitalist mode of production', the law of relative over-population, which maintains capitalist domination over the labour market, in opposition to the 'dogmas of economists'. For, according to the 'iron law' referred to by classical political economy, supply and demand for labour determined the level of wages, or, to use Ricardo's terms, determined the market price of labour in relation to its natural price. This latter depended upon the price of subsistence goods. As for the former, it was 'the price which is really paid for it, from the natural operation of the proportion of the supply to the demand'.<sup>13</sup> If it is high, it provokes an increase of supply, causing a downward trend of wages. Then,

wages again fall to their natural price, and indeed from a re-action sometimes fall below it . . . It is only after their privations have re-

duced their number, or the demand for labour has increased, that the market price of labour will rise to its natural price.<sup>14</sup>

Whatever the fluctuations, however,

like all other contracts, wages should be left to the fair and free competition of the market, and should never be controlled by interference of the legislature.<sup>15</sup>

For this reason Ricardo rejected any legislation providing assistance for the poor.

Marx on the other hand, by affirming that relative over-population becomes 'the background against which the law of the demand and supply of labour does its work',<sup>16</sup> sought to transform the meaning of the law. Because of the existence of a reserve army,

the demand for labour is not identical with increase of capital, nor is supply of labour identical with increase of the working class. It is not a case of two independent forces working on each other. *Les dés sont pipés* (the dice are loaded). Capital acts on both sides at once. If its accumulation on the one hand increases the demand for labour, it increases on the other the supply of workers by 'setting them free', while at the same time the pressure of the unemployed compels those who are employed to furnish more labour . . . The movement of the law of supply and demand of labour on this basis completes the despotism of capital.<sup>17</sup>

The determination of wage levels, even if one abstracts temporarily from the value of labour-power, does not take place 'naturally' within a pure labour market in which 'free and open' competition takes place. The intensity of competition between workers as 'suppliers of labour', depends entirely upon the pressure exercised by the unemployed. Only when both 'employed' and 'unemployed' combine can workers reduce the effects of the pressure of the reserve army and weaken capitalist control over the direct wage.

This was the basis upon which Marx began his discussion of relief to the poor, which we will discuss below. It should be noted that we will not deal with a number of theoretical problems posed by his concept of the wage, and by his use of the term 'primitive accumulation', except indirectly, when discussing the enduring and changing forms of state intervention.

(ii) *Insecurity of Employment and Capitalist Solutions*

We are, and it has not been sufficiently emphasised, in an entirely new social situation, of which we have as yet very little experience. There is a trend towards the separation of all forms of property from all forms of labour, towards the dissolution of all the ties between master and servant, and towards the elimination of any involvement of the latter in the profits of the former. This organisation of society is so new that it is barely half-established; only in the wealthiest nations, among those that are the furthest advanced in a system that we ourselves have scarcely experienced, is agricultural labour as well as manufacture undertaken by workers who can be dismissed at the end of each week . . . The condition into which we are now entering is entirely new; the labouring population is free; but it has no guarantee of its subsistence. It must live from its work; but it never sees and never knows who will consume the product of its labour. It has no means of measuring its efforts in relation to the rewards it might expect . . .<sup>18</sup>

Here Sismondi was observing things from the point of view of workers' insecurity.

Business accountancy reflects this peculiar attribute of labour-power as a means of production in its particular way.

Commercial accountancy is able to come to terms with specifically capitalist forms of activity, provided that it introduces two new and interdependent accounting rubrics:

- the purchase of the commodity labour-power,
- the running costs arising from the depreciation of capital.

This dual system of accounting makes it possible for the capitalist to secure both the appropriation of surplus labour and the re-appropriation of the means of production.

In the case of constant capital, the stock of machinery is maintained by transfers from one type of use to another, and productive constant capital is conserved by the constitution of a reserve . . . Each capitalist firm secures its relationship to the means of production by retaining the products it needs at source, through the technique of reconstituting stocks and amortising material.<sup>19</sup>

Despite analogies, there are no equivalent practices for reserves of labour-power. J.-B. Say described the worker in terms of 'accumulated capital', meaning by this the amounts spent upon bringing up proletarian children.<sup>20</sup> In 1901, Millerand proposed that the French Chamber of Deputies 'should require employers to include

the insurance and depreciation of its human material in its general costs, just as it includes the insurance and depreciation costs of its materials and machinery'.<sup>21</sup> By its nature, however, business accountancy excludes the depreciation of labour-power, although variable capital - wages - should be incorporated into the balance sheet and treated analogously to constant capital.

Specifically, capitalist solutions to the insecurity inherent to the situation of working people were in any case initially private initiatives: allocations to charitable or pension funds, the philanthropic work of employers in nineteenth-century France. Their primary objective was to guarantee a sufficient supply of disciplined workers.

Responding to needs which the wage earner was unable to satisfy - particularly the need for security - these supplementary benefits were in fact surrounded by conditions requiring workers' loyalty and good conduct, qualities which industrialists could freely appreciate. One could say that, curiously, if the wage did not suffice for the worker, neither did it for the employer, who needed additional means to enable him to keep his labour force well under control.<sup>22</sup>

In his *Report*, Villermé describes the case of the 'good employers' of Sedan, who made use of different techniques, but with the same objectives in mind.

It is customary, when a worker falls ill, for the employer to keep his job or trade open until he is able to take it up again. When the illness is more than a simple indisposition, the person who is ill, or his family, suggest a replacement to the employer. He is always accepted, even when, as is often the case, he comes from the less reliable section of the work force. I have been shown someone who has stood in for someone else for over six months. The sick worker continues to be paid his full wage, and he himself pays his replacement, taking care to keep some for himself.<sup>23</sup>

The whole principle of philanthropic measures by employers was not, however, a sufficient solution to the insecurity of the proletarian situation. Hatzfeld, who examined how some of them functioned in nineteenth-century France, has shown how narrow the limits of their action were. Even where their resources were drawn principally from workers' contributions, the allocations which they provided did not correspond to a genuinely established

(right defined by the wage contract. In the case of the railway companies in 1894, for example,

some companies demanded nothing from their workers, and others required a contribution; but in all cases, whether there was a deduction from the wage or whether the whole contribution came from the employer, he was always free, until the last possible moment, to dismiss the worker, or deprive him of his right to a pension.<sup>24</sup>

Not only was the management of payments arbitrary, but the status of contributions was not secure either. If the firm went bankrupt, the workers lost their rights. Even without bankruptcy, the firm's financial situation could often mean that the payment of benefits of a sufficient amount was uncertain, because at that time firms in France were not of a sufficient size. The contradictory situation in which employers' philanthropic institutions found themselves, underlined by Hatzfeld, is that they were only effective in a context in which they were directly controlled by a number of firms, but it was precisely this context which was unviable.

Initially, it would seem that everything changed when capitalism changed in size and financial structure. Thus, in the United States since the second world war there have been private 'pension funds' which work on the basis of 'capitalisation', or by investing their funds - mainly in shares.

Since private companies are not required to establish funds, only half of the wage force of the private sector is covered by one of the 115,000 pension funds attached to their employers. The other half depends upon welfare and savings accumulated during employment.<sup>25</sup>

Even when they work well, private pension funds do not meet the needs of all wage earners, since their establishment is a matter of company choice. Furthermore, when they do exist their effectiveness depends upon monetary stability and the yield upon investments. Thus, the stock market slumps of 1973 and 1974 threatened to undermine them seriously. Their purely private character, moreover, has been called into question by

recently adopted legislation whose three major features are: a relaxation of the conditions entitling one to a pension (length of service and age), a reinforcement of already acquired rights and the creation of a federal insurance fund, funded by employers, to protect wage earners from bankruptcy. Companies with properly

organised pension funds meet the criteria established by the new law, but many less generous firms will be obliged to increase their contributions.<sup>26</sup>

Thus, even in the case of the large private corporations of the present day, specifically capitalist solutions to the problem of the insecurity of the proletarian situation are necessary but inadequate. They require the addition of public institutions of a particular sort.

## II: Public Institutions

Whatever its form and mode of operation, the main task of the state's management of labour-power is to assume responsibility for that part of its value which capitalists do not directly remunerate. The institutions which perform these complementary and substitutive functions for capital do not work primarily either through 'ideology' or through 'violence'. Rather, they make up a sort of environment in which capitalist exploitation develops and functions, and reflect the fact that there is never a sort of 'pure' capitalism, which is merely completed or assisted in some way or another by the state. At the same time, these institutions are the permanent site of class confrontation, which determines not only the mode of their establishment, but also their form and extension, even if their actual development is only possible through compromise between the classes.

The form of the institutions concerned with the management of labour-power spans a massive area in both time and space, extending from systems of poor relief to systems of welfare and social insurance. There is nothing homogeneous about them, in the sense that there is no simple progression from one form to another, complementing changes in capitalist accumulation and class relationships. The whole range of institutions is permeated by bourgeois ideology, insofar as their activities and functions are constantly bound to the constraints of preserving wage labour. This means that they cannot be based upon the principles of either charity or equality. Whether they function as poor relief or as welfare, these institutions serve to minimise, or relocate, 'the specifically proletarian risk', constituted by the uncertain condition of the commodity labour-power; they are unable to eliminate it. Public management of labour-power, from the very beginning of capitalism, arose from the material conditions embodied by the existence of a labour market.

One cannot, therefore, write as Meillassoux does, of

mechanisms of sharing social costs which are increasingly perfected and adapted as the proletariat is integrated into capitalist relations of production: charity being followed by public works and, eventually, while workers were adopting various co-operative formulae, by social insurance.<sup>27</sup>

This quasi-linear progression did not occur. Charitable relief was rapidly associated with workhouses of a semi-penal nature. Philanthropy and public works have not been replaced by social welfare; they continue to exist alongside it. Furthermore, the idea of the integration of at least a section of the proletariat, whose labour-power is paid for at its full value, into 'the exclusive territory of capitalism', and the idea that this could be a tendential development of the proletariat as a whole, abolishes any concept of the relative autonomy of the state and the variable character of the forces involved. Even if it is true that the means of regulation established by the capitalist state form part of capitalism's economic arsenal,<sup>28</sup> it is still the case that they have been established by the state. This means that the dominant class is unable to guarantee its economic hegemony without some sort of public organisation.

#### (i) Poverty and the Labouring Classes

Piven and Cloward have referred to the case of Lyon at the beginning of the sixteenth century.<sup>29</sup> Between 1500 and 1540, the city's population doubled and it became a prosperous manufacturing and commercial centre. The transition to capitalism gave rise to new forms of social insecurity produced by fluctuations in the labour market, while the agricultural crises of the middle ages continued to exist. Food riots broke out in 1529; artisans and day labourers rebelled in 1530; crowds of peasants invaded the city in 1531. Alms and charitable relief were no longer able to function in this changing social order.

In 1534 the city's leading churchmen, notables and merchants assembled to establish a centralised system of relief for the poor, the famous *Aumone Général* (Public Almonary). Lists of the needy were to be drawn up; bread and money were to be distributed in fixed amounts; the ill were to be hospitalised and treated freely. At the same time, begging was rigorously prohibited, and the recipients of relief kept under close observation. Measures

were taken to encourage apprenticeship and to give work to the children of the poor, in order to incorporate them into the socially usable labour force. This form of municipal control bears more resemblance to the most modern forms of regulating the poor used in the 1960s by the American welfare system, than to traditional Christian charity.<sup>30</sup>

The forms of welfare institutions, whatever their numerous variations, have to bear some relation to the need for wage labour. In the nineteenth century they were shaped by the ideology of the 'iron law' formulated by the classical political economists. Sismondi himself opposed public charitable funds and thus, in his way, helped to pave the way for the English Poor Law of 1834, which abolished relief in either money or kind, and confined the poor to the workhouses.

If there was a fund established by the highest authority and administered in the name of the law to succour the poor when ill, during the harsh season, or stoppages of work, during their childhood or old age; this fund, which exists in England in the form of the poor rate, will soon come to be regarded as a supplement to their wages; and if, through a combination of circumstances, the poor are already dependent upon the rich, if there is a greater supply than there is a demand for labour, the poor, secure in the knowledge that they will receive relief in their old age or illness and obtain relief for their children, will be prepared to accept a lower wage, and will allow a part of what in justice is due to them, to be administered by others on their behalf, to serve as a reserve fund.<sup>31</sup>

Sismondi opposed the idea of a state welfare fund in the name of a fair wage. But the core of his argument is his reference to a surplus of labour produced by the disintegration of the institutions of marriage and the family, insofar as they are not established on the basis of a stable income.

Today . . . the manufacturer, living from day to day and, in this way, making do until the end of his life, without ever obtaining a greater control over the revenue which he might obtain through his labour, is unable to see any clear moment at which he must choose between celibacy and marriage.

And since he could put his children out to work from the age of six or eight,

each new son who reaches the age at which his labour is paid, seems to add to his father's income. An incentive seems to be offered to encourage poor labourers to multiply.

**In England,**

in bad years, when work is scarce, the parish and the poorhouse – and elsewhere, the hospital – keep a family which should not have been born, miserably alive, halfway between life and death.

But no government, however benevolent and well-informed, is able to know the relationship between supply and demand on the labour market, 'in order to take responsibility for the state of the population'. The poor should thus be obliged to calculate their income and adjust the size of their families to it.<sup>32</sup>

The disproportion between the number of workers and the demand for work, one which escapes all regulation, was the cause of workers' misery. Instead of preventing it, public relief systems served to perpetuate both the one and the other. Here Sismondi is no different from Ricardo or J.-B. Say. Institutions which set the poor to work could, however, be useful. According to Say, while philanthropical establishments threatened to reduce the 'salutary terror' needed to curb workers' insubordination and idleness,

the same inconvenience is not to be found in institutions which give work to those who are indigent and voluntarily seek it, and those which house vagabonds unable to display any sign of providing for themselves. Fluctuations of trade, new methods of manufacture, the withdrawal of capital from productive employment, fires and other scourges can occasionally leave many workers without work; often, despite the best conduct, a man may find himself in the most desperate need. In a workhouse, he will be able to find the means for earning his livelihood, even if not in his own trade, at least in something similar.<sup>33</sup>

*The form of the institutions which manage labour-power must conform to capital's aims, even when these institutions themselves cannot – and must not – be firms.* Public relief for those without work runs the risk of preserving idleness as a source both of disproportion between supply and demand, and of social disorder. It was, nonetheless, impossible to suppress all charitable institutions. Nineteenth-century social investigators divided the life cycle of the worker into five phases alternating between deprivation and relative abundance. Periods of deprivation occurred in childhood, in early adulthood when children were still dependent upon the family, and in old age when it was no longer possible to work. It was possible to accept the need for 'refuges for the young children of the poor',<sup>34</sup> who would thus be protected from the dangerous example of the

streets and the activities which they contained. For adults able to work, however, there were to be workhouses which would not allow the poor to remain idle. Both workers and the poor inhabit the same social continuum. This is what enables capital to obtain the quantities of the labour-power it requires. The poor were compelled to work in specialised institutions so that they would remain available as potential workers in capitalist enterprises. Thus the social costs of the reproduction of labour-power, already reduced by the use of child labour and the brevity of workers' lives, were considerably lightened, if not entirely transferred to non-capitalist classes.

The same circumstances meant that workers were always potentially likely to become 'the poor'. This is the objective ground of working-class unity, despite the disaggregation of the class into several strata of proletarians. Pauperism, wrote Marx, this 'dead weight' of the industrial reserve army, together with the working class itself, 'forms a condition of the capitalist development of wealth'.<sup>35</sup> This is why, without being part of workers' income, 'it forms part of the *faux frais* (incidental expenses) of capitalist production: but capital usually knows how to transfer these from its own shoulders to those of the working class and the petty bourgeoisie'.<sup>36</sup> The great institutional changes of the twentieth century were to modify the social continuum shared by workers and the poor and re-define it profoundly, without however destroying it in any way.

*(ii) Changes in the Forms of Proletarian Insecurity*

Modifications of the state's institutions regulating labour-power are part of wider processes and reflect their forms and effects. The capitalist class, noted Engels, had to be assured of its domination over the traditional ruling classes (mainly the landed proprietors) and of its own power, by destroying the early proletarian revolutionary movements, before it could make certain compromises with at least that section of the working class which belonged to trade unions and had access to the vote. The reduction of insecurity of employment and the emergence of rights related to work were the product of numerous working-class struggles, but ones which could be resolved without calling the domination of capital into question. Every 'social policy' however, carries the sign of the effects of class relationships upon the state's economic



role. The effective historical 'leap' occurred when the workers' movement was able to establish a collective, class relationship with capital, or when labour-power – as an economic object – became the working class. Even then, however, divisions within the proletariat weighed upon its potential unity as a class.

Marx has discussed the fate of the demands of the Parisian workers of 1848, who called for a constitutionally guaranteed right to work.<sup>37</sup> 'This was the first, clumsy formulation of the revolutionary demands of the proletariat.' They unleashed the fury of the bourgeoisie, who translated 'the right to work' into 'the right to relief', and set about setting up National Workshops, which were no more than 'English workhouses in the open air'.<sup>38</sup> This happened because the right to work is *incompatible* with capitalist command, since its existence would imply the elimination of the 'specifically proletarian risk' which is unemployment.<sup>39</sup> As a demand by Parisian workers in a revolutionary situation, it had no chance of being accepted within a compromise and embodied in a new institution.

Institutional changes in the state's management of labour-power, which are bound up with changes in class relationships, are also linked to changes in the conditions of capitalist accumulation. Capitalist exploitation, initially based upon the extraction of absolute surplus value, has increasingly (but never exclusively) come to involve the extraction of relative surplus value.<sup>40</sup> These two forms of exploitation call the relationship between surplus labour and necessary labour in the reconstitution of the value of labour-power into question. The creation of relative surplus value involves a reduction in the value of labour-power, through the transformation of the production of articles of workers' consumption. Management of labour-power, involving the assumption of responsibility by public institutions for a part of its value, is necessarily bound up with modifications of the conditions of capitalist accumulation.

Changes in the norms of workers' consumption, their access to certain guaranteed rights and the formation of new public institutions, with their own particular characteristics, are all components of the history of the transition 'from pauperism to social security'.<sup>41</sup> They have served to modify, without eliminating, the fundamental uncertainty of workers' conditions of existence. There has indeed been a gradual process of differentiation of the conditions of workers' existence from the brutality of the proletarian situation.

In the inquiries of the late nineteenth century, as in the earlier social investigations of the 1830s, the criteria used for defining poverty among workers were related to a minimum subsistence level required to maintain the labour force. There was a level of consumption below which poverty involved physical and psychological deprivation. Whereas it was usual during the 1830s to list the bundle of goods actually required for survival, subsequently it became customary to calculate the expenditure needed to meet both fixed physical needs and also certain norms of health and hygiene.

In 1899, Rowntree published his inquiry into the conditions of families in York.<sup>42</sup> Using a study of diet, he worked out average physical needs, and the corresponding amounts of food required at their current prices. He added the costs of clothing, heating, rent and various items of household expenditure to the cost of food. On this basis he was able to define a 'poverty-line' applicable to a family of five, including three children, which amounted to 17s 3d a week. In France, F. and M. Pelloutier were engaged in similar research at the same time:

How much would the consumption of a family of four people (parents and two children) enjoying normal health, amount to?

Food rations, including wine and coffee, were enumerated and priced on a daily basis. A week's expenditure, excluding:

occasional essential items, (needles, thread, soap, matches, newspapers) and the costs of illness, insurance and trade unions paid by the head of the household amounted to:

Food	28.70F
Rent	7.63
Clothing	3.85
Lighting, Heating and Fuel	1.83
Total	42.03
Or, in annual terms,	2,184 Francs. <sup>43</sup>

This standard budget was then compared to the real earnings and expenditure of a variety of working-class families. Some of them had 'a basic standard of diet lower than that which hygienists would estimate as desirable for one adult'.<sup>44</sup>

Thus the household budget of an average workers' family acquired a normative quality, which was related to standards of health and hygiene. This made it possible to draw a line between 'normal conditions of hygiene' and an 'unhealthy life'. The

standard of measurement used to distinguish the poor from the working population was now no longer simply an absolute figure, an absence of necessities, or a fixed bundle of 'necessary, useful and agreeable articles', which were obtainable or not according to the level of wages.

The poverty line tended to establish a certain discontinuity within the social continuum inhabited by workers and the poor, despite movement from one category to another. The substitution of a norm of average consumption for a basic level of subsistence served to define the great line of demarcation separating normal workers from 'the rest', which was used in bourgeois welfare policies throughout the twentieth century. Public regulation of labour-power began to change and came to be centred upon two main areas: periodic moments of large-scale public welfare, like the 'war on poverty' in the United States during the 1960s; and, related to the provision of new rights for workers, the development of institutions like National Insurance (or *Sécurité Sociale* in France).

Poverty continues to be 'a class reality, closely linked to an overall situation of class inequality'.<sup>46</sup> Welfare remains a function of the state of the labour market and the imperatives of the capitalist order. But, at the same time, there has been a consolidation of stratifications within the working class, linked to the strategy of the extraction of relative surplus value. Anyone who arrives 'normally' upon the labour market, also has access to the new norms of workers' consumption. But not everyone has equal access to the full remuneration of the value of their labour-power provided by the sum of the direct and indirect, or deferred, wages. Moreover, those who make up the modern reserve army represent a subsidised sub-proletariat which weighs indirectly, but effectively, upon the value of waged labour-power.

Meillassoux has differentiated between 'three main strata within the proletariat':<sup>46</sup>

The first is the integrated or stabilised proletariat, which is paid both a direct and an indirect wage or, in other words, whose labour-power is theoretically paid for at its price of production.

The second consists of peasant-proletarians, who receive only the direct means for the reconstitution of their labour-power from capitalism, but not the value of its maintenance and reproduction, which are carried out in the framework of the household economy.

The third component is made up of the proletariat which has no means of reproduction in any part of society.

This last component is migrant labour, which has access to only the 'subordinate, most unstable, most badly-paid end of the labour market'. This section consists of immigrant workers, who are 'only partially granted – or refused – the protections, guarantees and rights acquired by native workers. The scale of the phenomenon makes it impossible to consider them simply as a marginal, or anomalous, case.'<sup>47</sup>

Given this, it must still be said that in periods of massive unemployment, even though it might have a selective quality and affect foreign workers more than others (the spectacular case of the expulsion of West German 'guest workers' is a good example) unemployment also has profound impact upon 'native workers'. The absence of the right to work valid for all sections of the proletariat can force even its most 'integrated' component to become more mobile and more docile.

Furthermore, the welfare and social security systems are not static; they grow and contract as a function of relations of social power, and particularly of the effects of mass unemployment upon the social order. There might thus be an attempt made by industry to reduce the indirect wage, or devalue labour-power in relation to the full costs of its reproduction. Or, alternatively, the degree of toleration afforded to recipients of welfare depends not only upon their number and their effect upon 'social peace', but also upon the possibility of conserving wage labour as the dominant norm, as Piven and Cloward have shown.

Piven and Cloward have analysed the American public welfare system in order to understand its role and the reasons for its periodic expansion and contraction. This cyclical rhythm is the product of the system's major functions: the preservation of social order in the face of both capitalist instability and the reactions of its victims on the one hand; and the preservation of work discipline on the other. Massive unemployment during periods of recession or rapid changes in the forms of production, if combined with major social unrest, has given rise to broader measures of social welfare, whose forms change, but which continue to be governed by the imperatives of maintaining or restoring the norms of wage labour. Piven and Cloward have shown this with reference to the growth of welfare during the Great Depression and then, after the stable interlude between 1940 and 1960, to the new expansion of welfare during the 1960s, in the wake of the urban upheavals caused by black migration from the South to the northern cities.

President Johnson's 'War on Poverty' differed from nineteenth-century English solutions to the problem of poverty because of the massive and direct financial and administrative intervention by the state in the management of relief. The Federal government became directly involved in the management of the black ghettos, by-passing the states and the local authorities. As in the nineteenth century, the state's initiative was the only one able to impart a general strategic character to measures of relief; its objective was the conservation of the ghettos, under-employment and poverty, but as elements of capitalist reproduction rather than sources of disorder.

Whereas the cities and boroughs had previously administered relief measures established by legislation, direct central government intervention was needed to overcome local resistance in the 1960s. The terms of the strategy had changed. The assumption of responsibility for a stratified working class, together with the adoption of global consumption norms and the need to maintain work discipline, all required that relief should both confirm the discontinuity between workers and the poor and at the same time maintain some uniformity and homogeneity between the two categories. Municipal or parochial regulation had to give way to the state as the direct representative of the social conditions of accumulation at the global level.

The ideology which developed during the 1960s served to characterise the poor as 'different', unable – for physical and psychological reasons grounded in the familial and cultural environment – to adapt to the labour market. This ideology drew upon the difference between the poverty of the 1930s, which affected millions of unemployed white, male, adult workers, while that of the 1960s involved a large number of black female heads of households. Welfare measures now threatened to produce a *durable dissociation of the right to an income from the obligation to work*: 'why work?'<sup>48</sup> By promoting this state of affairs, the welfare system lost its capacity to conserve the norms of wage labour. The mechanisms of welfare were adapted to overcome this obstacle, mainly by the abolition of financial assistance to the 'employable' poor.<sup>49</sup> It should be added that the ruthless repression of the black movement seems to have been a necessary precondition of tactical changes in the Federal government's war upon poverty.

Public regulation of labour-power, in the form of public welfare for the poor of contemporary capitalism, continues to exist in

most modern states, but has acquired new forms. As an expression of changes in the forms of proletarian insecurity they are linked to changes in the rights of workers.

Hatzfeld has analysed the transition from 'security of property to security in the sense of guaranteed rights related to work'.

At the beginning of the nineteenth century security was primarily embodied in property rights. The owner of a capital, or patrimony, was secure because of his or her rights to property. At the end of the nineteenth century and the beginning of the twentieth century, a new form of security appeared, based upon the right which, particularly in France, was the right to work-related benefits.<sup>50</sup>

At the same time, new forms of regulation – social insurance – were established, alongside those concerned with welfare.

There is, however, some continuity between the two, insofar as it was the state, through its legislation and its new institutions, which assumed responsibility for the management of a part of the value of labour-power. In France, employers' organisations, as we have seen, were unable to do this; nor were workers' organisations. Thus the co-operative or mutualist associations of the nineteenth century, which attempted to reproduce or replace the traditional corporations often had different aims – apart from their limited financial means – and were more concerned with sick funds or with setting up strike funds and other anti-employer measures. This was the case with the association for mutual aid established by the silk workers of Lyon in 1828, which supported the insurrection of 1831 against the employers. The management of a part of the value of labour-power could not be taken over by either capitalists or workers: if one side or the other attempted to do so it ran the risk of adopting practices associated with class interests, which would contradict the goals of welfare and social security (as would occur, for example, if employers used funds for financial speculation, or if workers used mutual funds to support their struggles). The bourgeois state, on the other hand, could directly manage or impose a framework of managerial institutions, so that the 'general interest' of the reproduction of capital would prevail over those of the two antagonistic classes.

### III: Unity and Divisions within the Proletariat

#### (i) The Different Systems

The right to social insurance differs from the right to welfare in that it implies a lower level of uncertainty and arbitrary behaviour. Thus, the composition of those 'with rights' – even in legally established welfare systems – depends upon various social criteria used by administrations when they examine the situation of claimants. Claimants are thus subjected to a certain discretionary power. This is still the case. Piven and Cloward have shown what occurred during the period of restrictions upon welfare in the USA in the late 1950s. In the New York area, women with families in financial difficulties did not claim assistance, either because they believed that they were not entitled to it, or because they felt that the amount that they would be given would not be worth the effort involved, or because they had encountered too many humiliating obstacles on previous occasions.<sup>51</sup> The number of those 'with rights' can thus be substantially reduced (or increased) according to the overall situation and the attitude of government towards welfare administration. This arbitrary quality is not the result of neglect or bad administration. It is *adapted to the right to welfare*, whose recipients have to be persuaded that work is preferable to idleness.

In the case of social insurance, the situation is different, although the framework of bourgeois legality is the same. The fact that those with rights contribute (either directly or indirectly, through employers' contributions) makes the right to benefits more secure than the right to welfare.

Undoubtedly, because it appears to be a particular type of property right – I paid, I contributed, I am entitled to . . . – the right to employment-related benefits does not stand in contradiction to rights to property. It is because of this that it has found its way into the legal system.<sup>52</sup>

There are no workers' rights which correspond exactly to bourgeois rights. The transition from 'security of property to security of rights related to work', however important it might be, is still premised upon the primacy of the right to property. Thus, whatever the modifications, there is no 'right to work'. Certainly the

preamble to the French Constitution of 1946 specifies that 'everyone has a duty to work and a right to obtain employment'. But there is no institutionally guaranteed employment; in fact unemployment insurance only serves to alleviate the inevitable insecurity of employment which is intrinsic to capitalist accumulation. In contrast to occasional, conjunctural full-employment policies, the existence of the right to work as such would strip labour-power of its quality as a commodity. It would undermine the basis of bourgeois legality.

Acknowledgment of the right to work has been accompanied by the creation of new institutions: the French National Insurance system (*Sécurité Sociale*) is a case in point. It illustrates how the insecurity of workers' conditions of existence can be considerably reduced or modified, without being abolished. Insecurity of employment affects the whole working class, even if unemployment only affects a specific sector.

Hatzfeld observes that the establishment of national insurance systems could only be effective if they were accompanied by employment policies. The employed labour force has to be able to pay for (contribute to) currently unused labour-power. Unemployment can neither be general nor permanent, without exhausting the unemployment benefit fund. Inversely, the relative separation of work from consumption – the unemployed now receive an income and can thus consume without working – makes a new relationship between the two possible, in which the consumption of the unemployed constitutes the expenditure creating demand for work, in the Keynesian formulation of the global determination of demand. Assistance to the unemployed thus makes it possible to contain the level of unemployment, in contrast to the classical liberal notion that assistance actually creates unemployment. It makes it possible to maintain a certain wage level. Thus, on the one hand, the relative security of the unemployed depends upon a limitation of unemployment and the conservation of a number of contributing wage earners, while, on the other hand, the relative security of workers in employment depends upon the unemployment benefits spent by unemployed consumers. The employment policies which accompany unemployment benefits thus make it possible to calculate desired proportions between the employed and the unemployed, between amounts received in benefits and wages, and thus to establish a whole new accounting system which has transformed the management of labour-power. This does not,

however, mean the end of the reserve army. It now becomes organised into 'normal' workers, temporarily unable to find jobs, and 'marginals', with a special status – into blacks and whites, or migrant and indigenous workers, etc. These strata necessarily complement each other.

### (ii) Shared Social Costs and Inequality

The equal distribution of the social costs related to unemployment varies according to the manner in which systems of social insurance are financed. French social insurance schemes first adopted the practice of capitalisation which is still followed in the USA. We have already seen how inflationary and financial dangers pose problems for these systems insofar as they place workers' contributions at the mercy of capitalist instability.

In the absence of any institutional means of sharing social costs, insurance and pension funds, which make a mass of savings available to capital in the United States, are deprived of financial security. Thus:

the average American worker who contributes to a private pension fund throughout his working life, receives a pension of less than twenty-five per cent of his final wage . . . when he obtains anything at all! In Europe the percentage varies between fifty and seventy per cent of the wage, and payments are guaranteed.<sup>53</sup>

The state-financed contributory system, in contrast to the system of private capitalisation, centralises the collection of contributions and makes payments to those with rights from the first year of its existence. The system is, as we have seen, predicated upon a constant supply of contributing workers. When this condition is not fulfilled, when there is an imbalance between 'active' and 'inactive' workers, financial problems arise. This can be seen in the case of the special provisions accorded to miners and railway workers within the French system of national insurance. As the number of these workers has fallen regularly, these special funds have gone into deficit. In 1959, in the case of the miners' special fund, one contributor provided one pensioner's income; by 1974, each employed worker supported four pensioners. This is of no importance when the system as a whole meets the deficit. But in periods of high unemployment and crisis, the whole social security system is affected by the fall in income in relation to the rise in

expenditure. In any event, the principle of the shared distribution of the costs related to unemployment presupposes a continuous re-production of the active labour force to pay for the upkeep of unused labour-power. *The non-commodity form of this maintenance is conditioned by its commodity form.*

The problem of the relationship between the daily value and the value of the reproduction of labour-power has thus been reposed, and no longer merely as a matter of principle (the value of reproduction having been socially recognised), but also at the level of financial strategy. If employers' interests are affected, parallel systems, designed to evade public regulation, can be established.

A case in point is indicated by the establishment of a commercial company in France called 'Securex' in 1973. After the agreements providing for the monthly payment of wages (*mensualisation*), the reasons for absence from work came to be scrutinised by people who are not accredited by the Social Security. Some employers attempted to avoid having to pay their contributions by using doctors, who are recruited by commercial services like 'Securex', to check the reasons for 'absenteeism'. These firms did not adhere to the standard medical criteria laid down by the Medical Council. The Council was obliged to make 'grave and severe representations' about the affair.<sup>54</sup> Thus, the framework of collective agreements providing for better protection from the risk of illness was circumvented by some employers, who were also prepared to ignore the regulations used by as conservative an organisation as the Medical Council. There was even talk of 'private militias' of doctors organised in the engineering and metallurgical industries of the Nord and the Paris region. Thus, both the development and provision of certain institutional safeguards against the risks to which workers are exposed can give rise to struggles in which some capitalists are prepared to reject agreements made by their class as a whole. The uncertainty surrounding the outcome of these 'rebellions' is also a part of the insecurity of the proletarian condition. *There is no linear progressive process by which workers are integrated into the system, and this is even true of the 'stabilised' section of the proletariat.*

If, on the other hand, the entire social security and national insurance systems fall into deficit, and the state (whose budget is also in deficit) meets the short fall, then a new problem arises. The value of the reproduction of labour-power is certainly socially

recognised, but it is no longer socially validated by payments actually corresponding to real contributions. It is only 'validated by the state', in a sort of social 'pseudo-validation'.<sup>55</sup> In this type of situation of recession and rising public expenditure, the social security and national insurance systems have an inflationary effect, which also threatens to undermine the value of labour-power,<sup>56</sup> by imposing a return to its 'daily value'. One might add that various attempts to reform the finances of the welfare systems are also designed to re-impose this daily value, but, given the current balance of class forces in the developed capitalist nations, no direct assault can be envisaged.<sup>57</sup>

The state-financed contributory system, as a shared distribution of social costs, is not simply a working-class gain, or even one made by its so-called 'integrated' section. Indeed it actually reproduces the fundamental injustices of the social order in its particular way. Not only does it not carry out a redistribution of income or a reduction of inequality; it also has a regressive character, which means that, despite the initial purposes of the system, 'the poor always pay for the rich'.<sup>58</sup>

In the case of immigrant workers in France, who make their contributions, but receive lower benefits and have the lowest wages and the least secure jobs, the shared distribution of risks is largely a fiction. The level of employees' contributions as a share of French immigrant workers' wages is always higher than in wages as a whole, while the benefits are lower than those available to French workers. There is a net redistribution away from the immigrant worker in favour of the unemployed national. In the case of immigrant workers, capital's norms of the costs of the reproduction of labour-power are maintained on the side of contributions, but disregarded on the side of benefits.

The same regressive features also apply to native workers, in the case, for example, of French pension schemes. Contributions based upon thirty-seven-and-a-half years work are required for eligibility for a pension. A worker aged fifty-five, having worked since the age of eighteen, would thus make an extra ten years contributions to the pension scheme without in any way improving his or her pension rights. S/he contributes 'for nothing', - or rather without receiving any positive benefit - to the value of the reproduction of his or her labour-power. Here too there is a redistribution of income, this time in favour of technicians and middle management because of the levelling-off of contributions in

relation to income. Thus social recognition of the value of the reproduction of labour-power does not entail additional expenditure for capital, and does not affect surplus value, insofar as the social distribution of risks takes place between workers, or involves transfers 'from the poor to the rich' and thus perpetuates class divisions.

State management of the fraction of labour-power not directly remunerated by variable capital conforms to the eternal norms of capital: work discipline, insecurity of employment and the supply of labour-power at the lowest possible cost. Even where the forms of management change, from relief to welfare and national insurance, the form of state regulation is still determined by capital's need for waged labour, which is the essential precondition of the assumption of responsibility for 'de-monetised' labour-power by non-capitalist institutions.

The fact that it was sufficient to legislate for the establishment of decentralised public institutions, administered locally (like the English workhouses), indicates that capitalist relationships functioned in a social environment still largely untouched by the reign of the commodity and the wage. The contraction of this social environment has been partially matched by changes in the non-capitalist environment required for capital to function. Public regulation has consequently changed in form.

Hatzfeld has shown how in France, 'social security, in the form of national insurance, was established at precisely the moment at which rentiers' income',<sup>59</sup> undermined by the inflation of the aftermath of the first world war, was collapsing. This has obvious social implications in relation to the extension of the wage. It also means that at the monetary and financial levels, 'savings from work' differ in their social implications from 'savings from property'. The establishment of monetary non-convertibility<sup>60</sup> has occurred at the same time as the formation of a new structure of social relationships, although the exploitation of labour-power by capital with state assistance remains at its core.

This exploitation is not a matter of the political distribution of income between capital and labour, in which the share of profits in relation to wages  $\left(\frac{p}{w}\right)$  is seen in terms of the relationship between surplus value and variable capital  $\left(\frac{s}{v}\right)$ . On the contrary, the forms and limits of any incomes policy are determined by the constraints

of capitalist exploitation. This is what we have sought to establish by summarily examining one aspect of the state's management of the particular commodity labour-power. The aims and forms of this management, whatever the balance between class forces, are circumscribed by the fundamental characteristics of the capitalist wage system.

## 2.

### **State Management of Money**

The management of labour-power calls for intervention which is external to the capitalist circuit  $M-C-M'$ , where the value of the reproduction of the peculiar commodity  $C$  is not covered by the direct wage. The specific features of the forms of this intervention are determined by capital's requirements for different quantities and qualities of more or less costly wage labour. The same general criteria apply to money, whose reproduction as a general equivalent calls for state action which is at once external to and immanent in the circulation of capital. State intervention does not create the money form – which arises in commodity circulation – but it contributes to its existence as such.

This was the case well before the existence of capitalism, with the development of commodity exchange, in which money inevitably had a role since commodities cannot be directly exchanged for one another. The formation of a fixed standard of price measurement and the minting of coins carrying symbols indicating their origin and potential purchasing power was the source of conflict between kings, lords and merchants, since monetary sovereignty was one of the attributes of power. Inevitably, capitalist money has inherited all this, although it has increasingly tended to become money associated with private credit, originating and developing within the relationship between businesses and banks. The state's role has thus changed. It has come to involve the actions of a central bank, issuing its own money within a banking network whose component parts are related to each other according to regulations established by the state. Before discussing these regulations and examining how, in certain circumstances, their application can be called a 'monetary policy', we need to recall the preconditions and general characteristics of the state's management of money within capitalism.