

CAPITAL AND THE PRODUCTION OF NEEDS*

MICHAEL A. LEBOWITZ

ONE OF THE CENTRAL PLANKS in the platform of the conventional critics of Marx's economics has been the allegation of inconsistency between Marx's treatment of the course of real wages and that of the rate of profit. Joan Robinson's well-known 1942 essay, for example, proposed that Marx could demonstrate a tendency for a falling rate of profit only "by abandoning his argument that real wages tend to be constant." And more recently Paul Samuelson, attempting to emphasize the "logical incompatibility of these two laws" (the law of the falling rate of profit and the law of the immiseration of the working class), has produced an alternative—the "Law of Increasing Real Wages," which he considers both a better extrapolation from Marx's theory and also a closer representation of historical experience.¹

But did Marx have a general argument for decreasing or constant real wages; and does this concept play any particular role in his theory of immiseration? To the extent that it can be demonstrated that rising real wages are entirely consistent with growing immiseration, then crude attempts to dismiss Marx and Marxian economics by arguing that Marx believed that real wages would decline under capitalism will have to be replaced by something a bit more sophisticated.² For a first step in such a demonstration it is necessary to direct attention to a matter ignored in these accounts of Marx's "error"—the rising level of

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1 Joan Robinson, *An Essay on Marxian Economics* (London, 1957), p. 36. Paul Samuelson, "The Economics of Marx: An Ecumenical Reply," *Journal of Economic Literature* (March 1972), pp. 53-4.

2 The other side of the "inconsistency," the projection of a secular decline in the rate of profit, is considered in Lebowitz, "Marx's Falling Rate of Profit: A Dialectical View," *Canadian Journal of Economics* (May 1976).

"necessity" as capitalism develops; and, as a second step, to show that what has often been regarded as Marx's argument was in fact no more than a methodologically sound working *assumption*.³

Consider the standard argument for the projection of constant or declining real wages. With the growth of the social productivity of labor resulting from capitalist development, the quantity of social labor necessary to produce a given set of commodities (or, in other words, the value of those commodities) declines. And since labor-power (the capacity to perform labor) must be sold as a commodity under capitalism its value is also the quantity of social labor necessary to produce it. Thus growing productivity in the production of "necessaries" leads to a reduction in the value of labor-power.

It is critical, of course, to recognize that this declining value of labor-power does *not* represent a falling real wage. The bundle of commodities (or set of use-values) consumed by workers remains constant; only the quantity of labor necessary to produce the given bundle falls. Thus, the projection is one of declining nominal wages—a constant real wage and a declining relative wage (or wage share of national income).⁴ In short, a constant set of use-values in the subsistence bundle underlies the projection of a declining value of labor-power (and declining relative wage).⁵

But what does the positing of a fixed set of necessities have

3 A further step is contained in Lebowitz, "Immiseration and Rising Real Wages," a development of the argument in "Human Needs, Immiseration and Alienation," *op. cit.*

4 If we let w , U and l represent, respectively, the value of labor-power in labor-hours (or, necessary labor), use-values entering into a worker's consumption, and the productivity of labor, then $w=U/l$. Assuming productivity increases and the bundle of use-values consumed by workers is constant, then the value of labor-power (or hours of necessary labor) declines. If we further assume the length and intensity of the work-day to be constant, then the portion of the work-day representing necessary labor (or the wage share of total output) also declines. Cf. Lebowitz, "Marx's Falling Rate of Profit: A Dialectic View," *op. cit.*

5 Although there is a scenario for declining real wages which emphasizes the destruction of skills, there is sufficient discussion in *Capital* concerning increased requirements for science, technology and skilled workers in general to suggest that emphasis on skill requirements leads at the minimum to an indeterminate conclusion and we are therefore abstracting from the matter of skills here. Similarly, the question of any differences between wages and the value of labor-power is left to "Immiseration and Rising Real Wages," *op. cit.* Following Marx, it is necessary first to "treat the difference as accidental in order that the phenomena may be observed in their purity" *Capital*, Vol. I (New York, n.d.), p. 184n.

to do with Marx's concept of human beings and human development? By treating labor-power as a commodity *like all others*, with fixed technical (or physiological) input requirements, one can view the worker as a subject whose needs are determined by Nature (and an unchanging human nature). Nothing could be further from the Marx who rejected the Feuerbachian concept of Abstract Man and consistently stressed the emergence of new human needs with the development of society as the result of human activity.⁶

Marx's emphasis on the development of new needs bears a definite resemblance to Hegel's position on the same question. In his *Philosophy of Right*, Hegel stressed the tendency of human needs to multiply *ad infinitum*; for Hegel man revealed his universality and transcended animal restrictions:

first by the multiplication of needs and means of satisfying them, and secondly by the differentiation and division of concrete need into single parts and aspects which in turn become different needs, particularized and so more abstract.

As social needs become preponderant, Hegel says, "the strict natural necessity of need is obscured." Indeed, "to be confined to mere physical needs as such and their direct satisfaction" is the condition of savagery and unfreedom.⁷

Stressing as he did the fact that needs, like products, are developed with the forces of production, Marx was critical of any tendency on the part of economists to treat workers' needs as naturally determined and unchanging.⁸ Thus, in 1844, having cited Wilhelm Schulz' view that needs increase with production and accordingly "relative poverty can increase whilst absolute poverty diminishes," Marx commented: "But political economy knows the worker only as a working animal—as a beast reduced to the strictest bodily needs."⁹ This was the basis, too, of Marx's

6 See, for example, Marx and Engels, *The German Ideology* (New York, 1965), pp. 34-7, and Marx, *The Poverty of Philosophy* (New York, 1963), p. 147.

7 Hegel, *Hegel's Philosophy of Right*, translated by T.M. Knox (New York, 1975), pp. 127-8.

8 Marx, *Grundrisse* (Middlesex, 1973), pp. 527, 612n, 494.

9 Marx, *Economic and Philosophic Manuscripts of 1844* (Moscow, 1961), p. 30. The comment certainly was not entirely fair with respect to Smith and Ricardo, the leading figures in classical political economy; both recognized the role of habit and custom—

criticism of the Physiocrats' error in conceiving of the subsistence level "as an unchangeable magnitude—which in their view is determined entirely by nature and not by the stage of historical development."¹⁰

How, then, can we reconcile a perspective which emphasizes the growth of needs with a model based on the assumption of a given and unchanging set of necessities for the production of labor-power? Of course the answer is that Marx did *not* consider labor-power a commodity like all others. Its "peculiar" feature is that its value is formed not only by physical requirements but also by a historical or social element; and this latter element is related to "the satisfaction of certain wants springing from the social conditions in which people are placed and reared up."¹¹ These socially determined wants fix not only the level of necessities for the production of labor-power but also the worker's concept of the "right" length of work-day: "The labourer needs time for satisfying his social and intellectual wants, the extent and number of which are conditioned by the general state of social advancement."¹²

Yet it is not sufficient simply to contrast Marx's position on needs in *general* with the employment in his model of a constant set of use-values entering into the production of labor-power; capitalist society, after all, could represent an exception to the tendency of needs to grow. Thus it is critical to examine Marx's view of the nature and development of needs in this *particular* society—a society dominated by the capitalist mode of production.

The Nature of Human Needs

In the very definition of a commodity with which *Capital* begins, Marx indicates that a commodity must satisfy "human wants of some sort or another" and that the *nature* of such wants

rather than just physiological requirements—in determining subsistence levels. Smith included among necessities "those things which the established rules of decency have rendered necessary"; and Ricardo viewed the subsistence wage as incorporating "those comforts which custom renders absolute necessities." Adam Smith, *Wealth of Nations* (New York, 1937), p. 822. David Ricardo, *The Principles of Political Economy and Taxation* (London, 1969), pp. 52-3.

10 Marx, *Theories of Surplus Value*, Vol. I (Moscow, n.d.), p. 45.

11 Marx, *Value, Price and Profit* (Chicago, 1910), pp. 116-7.

12 *Capital*, Vol. I, p. 256.

makes no difference, "whether, for instance, they spring from the stomach or from fancy."¹³ Thus it is not simply a physical requirement or the natural properties of an object which give it use-value. A use-value may be purely imaginary.¹⁴ Its essence is to be found in human beings rather than in things: "A product supplied is not useful in itself. It is the consumer who determines its utility."¹⁵

Yet the people who determine the utility or use-value of products (i.e., determine that products *are* use-values) are themselves beings within a particular society. Rather than considering their judgments as totally subjective and emanating from within their heads, Marx argued that the reference point was necessarily society itself:

The consumer is no freer than the producer. His judgment depends on his means and his needs. Both of these are determined by his social position, which itself depends on the whole social organization. True, the worker who buys potatoes and the kept woman who buys lace both follow their respective judgments. But the difference in their judgment is explained by the difference in the positions which they occupy in the world, and which themselves are the product of social organization.¹⁶

Thus one can not consider the needs of workers in the abstract; they must be placed in the context of a specific society. The obvious starting point for an examination of needs under capitalism, then, is the "mutual relationship of the different classes and their respective economic position."¹⁷ While our concern here is with the needs of workers, the context of capitalist society requires that we consider the needs and consumption of at least one other class—capitalists.¹⁸

In Marx's work there is only a limited account of the capitalist as consumer; his main interest is in the capitalist as

13 Marx, *Capital*, Vol I, p. 41.

14 Marx, *Grundrisse*, p. 769.

15 Marx, *Poverty of Philosophy*, p. 41.

16 *Ibid.*, pp. 41-2.

17 Marx, *Capital*, Vol. III (Moscow, 1959), pp. 178, 191.

18 Restriction to these two classes is for the purpose of simplification and is not meant to suggest that they are the only two that matter in a description of society. Certainly consumption patterns of land-owners and money-capitalists affected the "wants" of capitalists historically; and intermediary classes and strata between capitalist and simple wage-laborer play an important mediating role in the development of needs.

personification of capital. Although Marx refers to the capitalist's consumption of necessities and luxuries, he does so only insofar as the capitalist performs the function of capital.¹⁹

However, there was certainly no assumption on Marx's part that capitalists were motivated *solely* by the desire to accumulate. It is ironic that Marx's famous phrases, "Accumulate, accumulate! That is Moses and the prophets!" and "accumulation for accumulation's sake," were not intended as *his* description of the capitalist's behavior but rather as an observation on how classical political economy (the subject of his critique) treated the capitalist. In contrast, Marx emphasized that, in addition to the desire for limitless wealth (manifested in accumulation), there was *also* the "desire for enjoyment."²⁰

Alongside of—and in conflict with—the desire for accumulation, Marx described the capitalist's desire for prodigality and luxury expenditure. Although it fell short of the drive to "raise consumption to an imaginary boundlessness" of an earlier "consumption-oriented wealth," this passion for consumption of use-values was one of two souls dwelling within the capitalist's breast.²¹ To the capitalist "pleasure-taking" was necessarily subordinate to capital-accumulating; and when he enjoyed his wealth, he did so "with a guilty conscience, with frugality and thrift at the back of his mind."²² To do otherwise was to negate the function of capital itself:

The industrial capitalist becomes more or less unable to fulfill his function as soon as he personifies the enjoyment of wealth, as soon as he wants the accumulation of pleasures instead of the pleasure of accumulation.²³

The needs of workers in capitalism, on the other hand, necessarily revolve around their position as sellers of their capacity to labor—in other words, upon their inability to obtain use-

19 In his discussion of a simple reproduction model, for example, Marx assumes that capitalists spend three-fifths of their income on necessities and the remainder on luxuries. *Capital*, Vol. II (Moscow, 1957), p. 404.

20 *Capital*, Vol. I, pp. 648-53.

21 *Ibid.*; *Grundrisse*, p. 270.

22 *Economic and Philosophic Manuscripts of 1844*, p. 128; *Theories of Surplus Value*, Vol. I, p. 274.

23 *Ibid.*, p. 274.

values except through the sale of labor-power as a commodity. Parting with the use-value of labor-power in order to realize its exchange-value, the worker produces a commodity which is alien to him; since he must perform surplus labor in order to engage in necessary labor, the worker produces a commodity which, in the form of capital, confronts him as an alien power.

Given the alienating nature of capitalist production—the alienation of the worker's creative power from himself in response to external compulsion, the worker's laboring activity is an "external, forced labor," a means rather than an end in itself. It impoverishes the worker both because it produces capital as an independent power confronting him and also because this laboring activity appears as "sacrifice," as toil, rather than as an expression of his own life.

Hence, just as the worker relates to the product of his labour as an alien thing, so does he relate to the combination of labour as an alien combination, as well as to his own labour as an expression of his life, which, although it belongs to him, is alien to him and coerced from him, and which A. Smith, etc. therefore conceives as a *burden, sacrifice, etc.*²⁴

And what is this eternal compulsion but the existence of needs, needs which can only be satisfied by the sale of labor-power? An element of wage-labor, Marx noted in an early work, is:

the determination of the labourer through social needs which are an alien compulsion to him, a compulsion to which he submits out of egoistic need and distress—these social needs are merely a source of providing the necessities of life for him, just as he is merely a slave for them.²⁵

Yet these needs are not themselves independent of the process of production, the exercise of labor-power. "Production not only supplies a material for the need, but it also supplies a need for the material . . . The need which consumption feels for the object is created by the perception of it."²⁶

24 *Grundrisse*, p. 470. See also pp. 305–7, 452–3, 611.

25 Marx, "Money and Alienated Man," in Lloyd D. Easton and Kurt H. Guddat, *Writings of the Young Marx on Philosophy and Society* (Garden City, 1967), p. 275.

26 *Grundrisse*, p. 92.

The alienating nature of capitalist production thus ensures that the worker seek to annihilate the alien object, *once perceived*, by bringing it (back) within himself, by consuming it. Only by direct possession can the object be *his*; his need is for an object which is the possession of another.²⁷ The worker's needs (an alien compulsion to him) and alienating production (which makes labor appear to be a sacrifice and the product of labor an alien object) reciprocally interact upon each other as parts of a totality. The level and nature of workers' needs are not to be found in the intrinsic qualities of things but in the nature and level of capitalist society itself.

The Growth of Needs

The very expansion of capitalist production provides the foundation for the growth of workers' needs. But the manner in which these needs are generated, the specific mediation, is critical. And here not only the production of capital but its circulation plays a central role.

One of the most important aspects of Marx's description of capitalism is his account of the constant striving of capitalists to go beyond the barriers to production by expanding the market, the sphere of circulation.²⁸ In order to ensure the realization of capital in circulation, there is a constant effort to discover new use-values and to create new needs:

Hence exploration of all nature in order to discover new, useful qualities in things; universal exchange of the products of all alien climates and lands; new (artificial) preparation of natural objects, by which they are given new use values. The exploration of the earth in all directions, to discover new things of use as well as new useful qualities of the old; such as new qualities of them as raw materials, etc.; the development, hence, of the natural sciences to their highest point; likewise the discovery, creation and satisfaction of new needs arising from society itself.²⁹

These efforts are aimed at workers as well as at capitalists

27 *Economic and Philosophic Manuscripts of 1844*, pp. 106, 126.

28 For a discussion of growth and barrier in capital, see Lebowitz, "Marx's Falling Rate of Profit: A Dialectical View," *op. cit.*

29 *Grundrisse*, p. 409.

and other segments of society: "To each capitalist, the total mass of all workers, with the exception of his own workers, appear not as workers, but as consumers."³⁰ All, then, are affected by the capitalist's attempt to expand the market:

He therefore searches for means to spur them on to consumption, to give his wares new charms, to inspire them with new needs by constant chatter, etc.³¹

As Marx had noted earlier, the capitalist producer "puts himself at the service of the other's most depraved fancies, plays the pimp between him and his need, excites in him morbid appetites, lies in wait for each of his weaknesses—all so that he can demand the cash for this service of love." The effect is to create a "new need in another, so as to drive him to a fresh sacrifice, to place him in a new dependence and to seduce him into a new mode of gratification."³²

Thus, inherent in the impulse to expand capital is the attempt to expand the means of *realizing* capital, of selling commodities: "a precondition of production based on capital is therefore *the production of a constantly widening sphere of circulation.*"³³ The sales effort, the attempt to create new needs and a new mode of gratification, expands with the growth of capital.

Rather than being restricted to a fixed set of needs, the consumption requirements of the capitalist tend to rise with the growth of capital: "his expenditure grows with his accumulation, without the one necessarily restricting the other."³⁴

This tendency for capitalist consumption to grow with the accumulation of capital provides an additional reason for the

30 *Ibid.*, p. 419.

31 *Ibid.*, p. 287.

32 *Economic and Philosophic Manuscripts of 1844*, pp. 115–6. Note Hegel's comment: "the need for greater comfort does not exactly arise within you directly; it is suggested to you by those who hope to make a profit from its creation." Hegel, *op. cit.*, p. 269.

33 *Grundrisse*, p. 407.

34 *Capital*, Vol. I, pp. 649–51. This relationship is often expressed by considering capitalist consumption as a constant function of surplus value. It seems more appropriate to represent capitalist consumption as a constant function of *capital*, since in this case consumption requirements are presupposed to surplus value in any particular year and thus are anticipatory in nature. This approach has the added feature of setting a profit rate at which level there is zero accumulation in a given year, thus avoiding the introduction of exogenous turning points in a cyclical model.

growth of workers' needs. In his "Wage Labour and Capital" Marx describes the relationship between the perception of capitalist consumption and the development of workers' needs:

A house may be large or small; as long as the surrounding houses are equally small it satisfies all social demands for a dwelling. But let a palace arise beside the little house, and it shrinks from a little house to a hut. The little house shows now that its owner has only very slight or no demands to make; and however high it may shoot up in the course of civilization, if the neighbouring palace grows to an equal or even greater extent, the occupant of the relatively small house will feel more and more uncomfortable, dissatisfied and cramped within its four walls.³⁵

It is not the intrinsic properties of an object which determine whether it meets social needs, but rather its relative or social properties. "Our desires and pleasures spring from society; we measure them, therefore, by society and not by the objects which serve for their satisfaction. Because they are of a social nature, they are of a relative nature."³⁶

Capitalist consumption (the palace in the parable) thus has the effect of setting social standards for workers. Even if wages were to rise as a result of the accumulation of capital, the rising social standard could limit the gain (if any) in satisfaction:

The rapid growth of productive capital brings about an equally rapid growth of wealth, luxury, social wants, social enjoyments. Thus, although the enjoyments of workers have risen, the social satisfaction that they give has fallen in comparison with the increased enjoyments of the capitalist, which are inaccessible to the worker, in comparison with the state of development of society in general.³⁷

In another place, Marx puts it this way:

And just as the social productive forces of labour develop in step with the capitalist mode of production, so too the heaped-up wealth con-

35 Marx, "Wage Labour and Capital," in Marx and Engels, *Selected Works* (Moscow, 1962), pp. 93–4.

36 *Ibid.*, p. 94. Hegel also emphasized the importance of "the demand for equality of satisfaction with others. The need for this equality and for emulation, which is the equalizing of oneself with others, as well as the other need also present here, the need of the particular to assert itself in some distinctive way, become themselves a fruitful source of the multiplication of needs and their expansion." Hegel, *op. cit.*, p. 128.

37 *Ibid.*, p. 94.

fronting the worker grows apace and confronts him as *capital*, as *wealth that controls him*. The world of wealth expands and faces him as an alien world dominating him, and as it does so his subjective poverty, his need and dependence grow larger in proportion. His *deprivation* and its *plenitude* match each other exactly.³⁸

Thus the entire course of development of capitalist society involves the creation of new needs, "historic needs—needs created by production itself, social needs—needs which are themselves the offspring of social production and intercourse." With capitalist development what previously appeared as a luxury is now necessary: "the transformation of what was previously superfluous into what is necessary, as a historically created necessity—is the tendency of capital." The old standards of necessity and luxury are now replaced by *new* standards:

Luxury is the opposite of the *naturally necessary*. Necessary needs are those of the individual himself reduced to a natural subject. The development of industry suspends this natural necessity as well as this former luxury—in bourgeois society, it is true, it does so only *in antithetical form*, in that it itself only posits another specific social standard as necessary, opposite luxury.³⁹

It is important to recognize that there is a positive aspect to the development of needs and the emergence of a new standard of necessity. Since Marx identified the "first historical act" of human beings as the creation of new needs and related the growth of needs to the development of human society, he clearly did not view the development of needs, *per se*, as a bad thing. Rather he argued that:

the greater the extent to which historic needs—needs created by production itself, social needs—needs which are themselves the offspring of social production and intercourse, are posited as *necessary*, the higher the level to which real wealth has become developed. Regarded *materially*, wealth consists only in the manifold variety of needs.⁴⁰

The development of this new wealth, the development of the

38 Marx, "Results of the Immediate Process of Production" (The "Original Chapter 6") in *Capital*, Vol I (Middlesex, 1976), Appendix, p. 1062.

39 *Grundrisse*, pp. 527–8.

40 *Ibid.*, p. 527.

many-needed social being, was itself part of the historic role of capitalism.

Thus the emergence of the capitalist mode of production brings with it the tendency to turn what had been the limits of earlier modes of production into mere barriers to be transcended. Capital drives beyond "all traditional, confined, complacent, encrusted satisfactions of present needs, and reproductions of old ways of life." It constantly "revolutionizes it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchange of natural and mental forces."

This going-beyond any existing standard of needs, itself a necessity for capital, thus produces a new social being:

the discovery, creation and satisfaction of new needs arising from society itself; the cultivation of all the qualities of the social human being, production of the same in a form as rich as possible in needs, because rich in qualities and relations—production of this being as the most total and universal possible social product, for in order to take gratification in a many-sided way, he must be capable of many pleasures, hence cultured to a high degree—is likewise a condition of production founded on capital.⁴¹

At the same time as capital tended to produce a new social being rich in needs, Marx also saw it producing a being rich in laboring potential—"the fully developed individual, fit for a variety of labours, ready to face any change of production, and to whom the different social functions he performs, are but so many modes of giving free scope to his own natural and acquired powers."⁴²

Yet this universal tendency of capital to develop productive forces is restricted by the social relations of production of capital. This new social being requiring many-sided gratification emerges in a particular social situation; his new needs create a new dependence and require fresh sacrifices. This situation can not but affect the nature of human beings.⁴³

41 *Ibid.*, p. 409–10.

42 *Capital*, Vol I, p. 534.

43 Consideration of the *nature* of the new needs generated within an antagonistic structure and thus of the new social being produced by capitalism is beyond the scope of

Assume, for example, that needs of workers were constant. In that case, the development of social productivity would lead to a reduction in necessary labor and to the possibility of the emergence of "free time." The growing gap between total labor-time and necessary labor-time would thus point toward "the realm of freedom," for which the shortening of the work-day is a prerequisite, where the development of human energy becomes "an end in itself."⁴⁴ The possibility of labor for itself, without external compulsion, would be manifest.

Yet the development of new needs produces a new standard of necessary labor. Rather than the emergence of a *qualitatively different need*, labor as an end in itself, each new need becomes a new requirement to work, adds a new burden. Each new need becomes a new link in the golden chain which secures workers to capital. Rather than expressing wealth, new needs appear as deprivation and dependence. The creation of new needs is thus an "essential civilizing moment . . . on which the historic justification, but also the contemporary power of capital rests."⁴⁵

The Critical Assumption

There can no longer be any doubt that Marx's position was that the development of capital entailed the creation of new needs for workers, the generation of a new dependence and an added compulsion to sell their labor-power. Yet his major work, *Capital*, is *silent* on the matter. And the silence has been a serious source of confusion.

Rather than incorporating in *Capital* the tendency for constant change in the concept of necessity, Marx chose to treat the level of necessity as *given*. Whenever he noted that the value of labor-power contained a historical and social element or that it depended on historically developed social needs, he was also quick to point out that "in a given country, at a given period, the average quantity of means of subsistence necessary for the labourer is practically known."⁴⁶

this paper. Notice should also be taken, however, of Marx's early comment that "the extension of products and needs falls into *contriving* and *ever-calculating* subservience to inhuman, refined, unnatural and *imaginary* appetites." *Economic and Philosophic Manuscripts of 1844*, p. 116.

44 *Capital*, Vol. III, pp. 799-800.

45 *Grundrisse*, p. 287. Emphasis added.

46 *Capital*, Vol I, p. 190.

The quantity of these necessities is known at any given epoch of a given society, and can therefore be treated as a constant magnitude.⁴⁷

In other words, it is by *assumption* that Marx holds constant that which can not be held constant in capitalist society—the standard of necessity. The care with which he selected his language and the repetition of his stipulations reveal that he meant it to be understood only as an assumption.

The object of *Capital* is not to determine the course of wages over time. It is to explain the production of capital, the very nature of capital and, for that purpose, *Capital* contains all that is necessary—the conception of a subsistence wage (however determined and at whatever level). What is critical for this purpose is not the level of needs at any given point, but the conception of an "average quantity of means of subsistence necessary for the labourer" as a given magnitude at a given time. The conception that labor-power, as a commodity, has a value which is different from the value which that labor-power creates is what is necessary to locate the origin of surplus value in production. As Marx noted in the section drafted originally as Chapter 6 of Volume I of *Capital*:

It will become apparent in the course of these discussions that for the analysis of capital it is a matter of complete indifference whether the level of the worker's needs is assumed to be high or low.⁴⁸

Thus, despite his criticisms, Marx praised the Physiocrats, "the true fathers of modern political economy," for their ground-breaking work in the analysis of capital. By placing the "minimum of wages," "the equivalent of the necessary means of subsistence," as the pivotal point in their theory, "the Physiocrats transferred the inquiry into the origin of surplus-value from the sphere of circulation into the sphere of direct production, and thereby laid the foundation for the analysis of capitalist production":

Therefore the foundation of modern political economy, whose business is the analysis of capitalist production, is the conception of the *value of*

47 *Capital*, Vol I, p. 568.

48 *Capital*, Vol. I (Penguin), Appendix, p. 1069.

labour-power as something fixed, as a given magnitude—as indeed it is in practice in each particular case.⁴⁹

Once we conceive of a fixed magnitude of necessity, then it follows that there is a level of productivity such that the time necessary to produce that set of necessaries is less than the given work-day; and that the resulting surplus labor may be increased either by lengthening the work-day or by increases in the level of productivity. The entire discussion of surplus value—both absolute and relative—thus rests upon this conception of a given magnitude of necessaries. In making this critical assumption Smith followed the Physiocrats, “like all economists worth speaking of.”⁵⁰

With this starting point, the Physiocrats were able to formulate the concept of surplus value and to identify a productive worker as one producing surplus value—even though they identified it as a surplus of use-values originating only in agriculture. For this understanding, all that was necessary was the concept of the “minimum of wages,” the “*strict nécessaire*,” for a given period. If the Physiocrats “made the mistake of conceiving this *minimum* as an unchangeable magnitude,” Marx noted that “this in no way affects the abstract correctness of their conclusions.”⁵¹

For the analysis of capital, therefore, it is easy to understand why Marx made this critical assumption of a fixed set of necessaries—and also why, in contrast to the Physiocrats, he was careful to stress that this referred to a given period, a given time, a given epoch. It certainly was not an unusual procedure for him to hold a critical factor constant for the moment for the purpose of analysis—this is a method that he employed throughout *Capital*. (His discussion of the rate of profit is one of the clearest examples.) Indeed, in his consideration of the magnitude of the value of labor-power in Volume I of *Capital*, he noted explicitly:

Any two of the factors may vary and the third remain constant, or all three may vary at once The effect of every possible combination

49 The reference to the value of labor-power, as is clear in the context of the succeeding discussion, is to “a sum of definite use-values” rather than to their necessary labor or value. *Theories of Surplus Value*, Vol. I, pp. 44–5.

50 *Ibid.*, pp. 68, 296.

51 *Ibid.*, p. 45.

may be found by treating each factor in turn as variable, and the other two constant for the time being.⁵²

In his presentation in *Capital*, the only factor affecting the value of labor-power which Marx did *not* treat in its turn as variable was the given set of necessaries. One is prompted to ask: given his perspective on the constant generation of workers' needs with the development of capital, why didn't Marx subsequently introduce changing needs into his model?

There is a simple answer to this question—he never finished his work and he never wrote the book in which he would remove the assumption of a fixed set of necessaries. On several occasions in 1858 and 1859, Marx indicated that his complete work on political economy was to be divided into six books: “1) Capital. 2) Landed Property. 3) Wage Labour. 4) State. 5) International Trade. 6) World Market.”⁵³ While he subsequently recognized that he could incorporate much of the material on landed property and rent into the section dealing with “Capital,” the material intended for “Wage Labour” remained unwritten and un-introduced.⁵⁴

In a number of places in the *Grundrisse*, Marx designated for further discussion and development questions relating to the consumption of workers and to changes in the level of necessity, noting in some cases that this matter would be dealt with in the section on wage labor.⁵⁵ In his letter to Engels describing his six books on political economy and, in particular, the book on “Capital,” Marx was most explicit. Here he noted that:

in the whole of this section [the section on *Capital in general*] it is assumed that wages are throughout at their lowest level. The movement of wages and the rise or fall of the minimum will be considered under wage labour.⁵⁶

The point is made in the *Grundrisse*: “For the time being, neces-

52 *Capital*, Vol. I, p. 578.

53 Marx, “Preface” to *A Contribution to the Critique of Political Economy*, in Marx and Engels, *Selected Works*, Vol. I, p. 361; Marx and Engels, *Selected Correspondence* (Moscow, 1965), pp. 103, 104, 112.

54 *Ibid.*, pp. 128–9.

55 *Grundrisse*, pp. 283, 287–8, 528.

56 *Selected Correspondence*, pp. 104–5.

sary labour supposed as such; i.e., that the worker always obtains only the minimum of wages."⁵⁷

As Marx explained to Engels, making such an assumption "is the only possible way to avoid dealing with all relations when discussing each particular relation." Certainly he understood that the standard of necessity changed, and he intended to explore this question in his work on "Wage Labour":

All of these fixed suppositions themselves become fluid in the further course of development. *But only by holding them fast at the beginning is their development possible without confounding everything.* Besides it is practically sure that, for instance, however the standard of necessary labour may differ at various epochs and in various countries, or how much, in consequence of the demand and supply of labour, its amount and ratio may change, at any given epoch the standard is to be considered and acted upon as a fixed one by capital. *To consider those changes themselves belongs altogether to the chapter treating of wage labour.*⁵⁸

This treatment of the changing standard of necessity and the exploration of its effect on the value of labor-power was never elaborated in the sections of *Capital* which Marx finished. As he noted in the original Chapter 6 drafted for *Capital*:

Man is distinguished from all other animals by the limitless and flexible nature of his needs The level of the necessities of life whose total value constitutes the value of labour-power can itself rise or fall. The analysis of these variations, however, belongs not here but in the theory of wages.⁵⁹

Those who sought to analyze Marx's theory of wages based on a fixed set of necessities, have thus failed to understand the critical assumption he made in *Capital*. Contrary to Robinson's interpretation, Marx did not make the "argument that real wages tend to be constant"; rather, in order to avoid "confounding everything," Marx *assumed*—a working assumption to be removed in his volume on wage labor—that the "average quantity of means of subsistence necessary for the labourer" is fixed.

57 *Grundrisse*, p. 817.

58 *Ibid.*, emphasis added; *Selected Correspondence*, p. 105. Marx's reference to this section as a "chapter" may be placed in context by noting that it occurs in his "chapter" on capital, which comprises pages 239 to 832 in this edition.

59 *Capital*, Vol. I (Penguin), Appendix, pp. 1068–9.

Where does this leave Marx's theory of wages? Clearly the assumption of constant needs must be removed in order to explore the course of wages in the Marxian system. Attention, accordingly, must be directed to the whole process of production of those "historic needs—needs created by production itself, social needs—needs which are themselves the offspring of social production and intercourse." And, that means we must consider the aspect of the value of labor-power which has a tendency to rise:

The actual value of his labour power deviates from this physical minimum; it differs according to climate and level of social development; it depends not merely upon the physical, but also upon the historically developed social needs, which become second nature.⁶⁰

Just as the value of labor-power contains within it a tendency to decline as productivity increases, so also does it contain the aspect of rising necessity, of the production of needs which become "second nature."⁶¹ To consider the one, but not the other (a basis, indeed, of the "contemporary power of capital"), yields a one-sided and inadequate perspective on the value of labor-power as capitalism develops. For while Marx's critical assumption of constant needs in no way affects the "abstract correctness" of his conclusions about the nature of capital, it must be removed and rising needs must be incorporated into the value of labor-power if we are to study the movement of wages in the Marxian system.⁶²

*Simon Fraser University
Burnaby, B.C., Canada*

60 *Capital*, Vol. III, p. 837.

61 If, for example, needs are generated at the same rate over time as productivity increases, then there will be no change in the value of labor-power. If we further assume the length and intensity of the work-day to be constant, then the rate of surplus value is constant. See Note 4 above.

62 Consideration of how the value of labor-power changes, and its relation to the *price* of labor-power and to immiseration, is the subject of Lebowitz, "Immiseration and Rising Real Wages."

