

Historical Materialism

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Third form of
extraction surplus
value

Method

- Marx's analysis in *Capital* moved dialectically through distinct yet mediated levels of abstraction.
- Furthermore, his analysis covers a numbers of periods based on evolutions in the labour process within capitalism and its genesis. There is no reason to reject this in moving forward from developed capitalism to imperialist capitalism.
- It is therefore wrong methodologically to see Marx's analysis in *Capital* as abstract which it is the job of Marxists to apply correctly to today's conditions.
- Imperialism has had such a profound effect on social class relations that it modifies some of the most basic categories of capitalism as explicated in *Capital* (from Vol 3 to Vol 1)

Orthodox 'advanced' reading of Capital

- Look at Vol 3 as building on Vol 1, especially Chapter XXV 'The General Law of Capitalist Accumulation' and see the importance that Marx gives to the rising organic composition of capital, relative diminution of living labour, for capital accumulation as a whole.
- Developed capitalism is driven by relative surplus value
- (cf Shaikh on the importance of the concept of the rising organic composition for value and price; reserve army of labour; tendency of rate of profit to fall, but *even more so*)

Application Of Vol 3 to contemporary world

- Transformation problem
 - Industrial capital
 - Common rates of exploitation
 - Single economy
- Tendency of rate of profit to fall, contradictions of the law and counter-tendencies
- Subdivision of surplus value (as a given) into profit of interest, commercial profit, rent.

Some of Lenin's positions in IHSC and ISS – defining features

- Is imperialism the same as developed capitalism?
- Rentier state
- Surplus (super) profit
- Exploitation (plunder) of poor nations by rich (colonies by great powers)
- Super profits applied to home working class
- Export of capital rather than commodities
- Division of the world and redivision of the world between great powers driver to war
- (domination of finance, state monopoly capital, cartels)
- “The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies”.

Super-profits and surplus-profit

- For Marx, surplus-profit occurs when the workers of a given capitalist are able to produce commodities cheaper than the capitalist's competitors, that is when the individual value is less than the social value allowing for the commodities to be sold at a price higher than their individual value.
- This concept is well established in Marx from Volume 1 and the analysis of the rising productivity of labour and the organic composition of capital, the mechanisms of relative surplus value. He gives us this insight on foreign trade, exporters:

“In the same way a manufacturer, who exploits a new invention before it has become general, undersells his competitors and yet sells his commodities above their individual values, that is to say, he exploits the specifically higher productive power of the labour employed by him as surplus value. *By this means he secures a surplus profit [italics ours. - N.B.]* ; on the other hand, capitals invested in colonies, etc., may yield a higher rate of profit for the simple reason that the rate of profit is higher there on account of the backward development, and for the added reason that slaves, coolies, etc., permit a better exploitation of labour. We see no reason why these higher rates of profit realised by capitals invested in certain lines and sent home by them should not enter as elements into the average rate of profit and tend to keep it to that extent”
- It is clear that this surplus profit relies on ‘a better exploitation of labour’ **in contrast to relative surplus value**

South Africa late 19th - early 20th c

- Selection
 - according to IHSC Anglo-Boer war one of key levers of new stage
 - Rich literature available in English
 - Relate to British imperialism
- Main points from analysis. Need to
 - modify Marx's theory of rent, historically limited not only looking back but going forward – mining capital captures lion's share of surplus-profits not landlords: 'monopoly' monopolise all surplus value
 - Reformulate 'primitive' accumulation – dispossession carried out consciously by state policy of proletarianisation, product of modern imperialism
 - Examine value relations of bifurcated employment and reproduction of labour-powers (African and European – colonised and colonisers: from unskilled/skilled to proletarians/supervisors?)
- Raises question of exceptionality and generalisability
 - Own account: key to classical debates (Luxemburg vs Bukharin)
 - Period one of gaining access to cheap raw materials production (plantations and mines)

Hatch, Frederick and J.A. Chalmers (1895) *The Gold Mines of the Rand*

•	Wages of 2 engine drivers per annum at 20s per shift	£730	0	0
•	“ 2 stokers “ at 6s “	219	0	0
•	“ 2 pump-men “ at 25s “	912	10	0 (p173)

• *White Employees*

• The wages paid for various classes of skilled labour are as follows:-

•	Miners	14s to 15s a shift
•	Rock Drillmen	£1 a shift or contract
•	Mill hands (senior)	£25 to £30 a month
•	Mill hands (junior)	£20 to £25 a month
•	Engine drivers	14s to 18s a shift
•	Fitters	15s to 20s a shift
•	Carpenters	“
•	Blacksmiths	“

• General hands with no particular trade, or learners may earn from £10 to £20 a month. (p253)

• NB taking at bottom level £10 a month minimum wage for white, unskilled labour. The maximum ratio of skilled to unskilled was x 3, including at the upper end foreman grades. Other evidence suggests entry level £15.

Native Labour

- “All purely manual and certain kinds of skilled work are performed by natives. The classes of work for which they are mainly engaged are: in the mines – hand-drilling, shovelling, filling, tramming, also assisting machine drillmen, track layers, timbermen, etc.; on the surface – landing, dumping and filling trucks, tramming, ore-sorting, stoking and assisting enginemen, carrying coal, lumber etc., pick and shovel work, assisting millmen, filling and emptying tailing vats, and generally all work carried on under strict supervision. In some cases natives, and more often half-castes and Indian coolies, have learned a trade and work as mechanics, smiths, engine-drivers, etc.
- The history of the labour question is briefly as follows:- In the early days the rate of wages grew rapidly owing to the inadequacy of supplies, until in 1890 the average pay of natives was as high as 63s. a month, exclusive of keep. [*£3, that is one fifth of semi-skilled, or entry level skilled white wages*] In that year an endeavour was made to secure the concerted action of various mining companies in reducing the wages, and a scale of monthly payments to natives was agreed to by 66 companies, with the result that in the course of three months the average wage was reduced to 41s 6d a month” [*£2, an eighth the white wage*]. P255

Wage differentials

- Diamond mines late 1860s -1870s average differential 5:1
 - (volatile, demand tripled African wages)
- Gold mines wages to whites compared to wages to blacks:
 - 1894 8:1
 - 1913 11:1
 - 1935_the average white wage is £439.4 and the average black wage is £35 per annum (held down at £3 a month), a ratio of 12.5:1.
- Manual, skill, supervision, national oppression

Two divisions of the working day

- *White worker*

9 hours

1 hour

Necessary labour

surplus labour

$$\begin{aligned} \text{Rate of exploitation} &= \text{surplus labour} / \text{necessary labour} \\ &= s / v = 1 / 9 = 11\% \end{aligned}$$

- *Black worker*

1 hour

9 hours

Necessary Surplus labour

$$\begin{aligned} \text{Rate of exploitation} &= \text{surplus labour} / \text{necessary labour} \\ &= s / v = 9 / 1 = 900\% \end{aligned}$$

Value relation

- Working hours per day average of 9.6
 $14ve + 10va + 21c + 30sa = 75$ (1934)
- Where:
 - ve variable capital European wages
 - va variable capital African wages
 - c constant capital
 - sa surplus value extracted from African proletarians

CONTRAST OF BRUTALITY WITH MODERNITY

- “There is little doubt that if large numbers of low-wage, unskilled migrant miners had not been recruited from throughout the sub-continent, there would never have been a deep-level gold mining industry in South Africa. The world’s largest supplier of gold would have been, at best, a minor producer pecking away at the surface outcrops of enormous deep-lying reefs. If an ore body similar to South Africa’s had been discovered in Australia, Canada, or the United States, it would almost certainly have been left in the ground because of an inability to mobilize the right type of work force.”
- “the most enduring and far flung oscillating migrant labor system in history and laid the foundations of a particularly ruthless system of racial discrimination”.
- “these systems [Plantation slavery or forced labor in Siberian gold mines, unlike South Africa gold mining] never aspired to be voluntary labor systems operating under the norms of modern industrial capitalism.
- Crush, Jeeves, Yudelman (1991) *South Africa’s Labor Empire*

Export of Capital

- Establishes a wage-labour capital relation in a capitalist colonial or semi-colonial context
- Relation is between imperial finance capital and southern labour (mediation eg mining houses)
- Unfree relation of force as well as exploitation
- National oppression is structured into the capital wage-labour relation
- State has a different relationship to nationally oppressed labour (post note: different type of state)
- Labour process permeated
- Wages kept to physical minimum (exhaustion and replenishment)
- Raises concept of super-exploitation

Vol 3, Part III, Chapter XIV. COUNTERACTING CAUSES.

Depression of Wages Below their Value.

- This is mentioned only empirically at this place, since it, like many other things, which might be enumerated here, has nothing to do with the general analysis of capital, but belongs in a presentation of competition, which is not given in this work. However, it is one of the most important causes checking the tendency of the rate of profit to fall.

The force of necessity and the necessity of force

The tendency of rate of profit to fall leads to crisis, a crisis of profitability, that is a cycle in time [time to conquer space, space to conquer time]

The crisis (a) drives wages below the historical value of labour power, increasing the rate of exploitation (s/v) and (b) devalues capital, decreasing the value composition (v/c); thereby in combination both moments of the crisis increase the ratio of surplus value to capital, the rate of profit ($s/v+c$) for a new round of capital accumulation with fewer, centralised capitals.

With imperialism the internal contradiction, stemming from the rising organic composition of capital and reproduced in the tendency of the rate profit to fall, which in turn is nothing other than the growing productivity of labour under the domination of capital, becomes an external contradiction.

The inherent tendency to crisis is offset by the export of capital, providing higher profitability, and then, eventually the export of the tendency to crisis itself.

The crisis is externalised and raised to a higher level: the division of the world [and of labour power] between the 'civilized' stable zones and savage zones in permanent crisis, and between finance and industry.

'Capital' has in effect to be *rewritten* (not just re-read) to relate to the imperialist social conditions of today.

Transformation problem

- the rate of exploitation cannot be assumed constant and the scope of analysis kept national in the transformation of value into price
- probably the assumption of equalisation of profit rates does no longer hold either, or at least must be heavily qualified (Vol 3 Part 2) . If monopoly capital is an essential characteristic then this means radically distinct rates of profit inside and outside monopoly sectors. Both of these factors are linked with the state and money
- change of relationship (inversion?) between formation of average rate of profit and its subdivision into industrial, merchant, interest and rent. In imperialism interest and rent come first, treated as independent variables, and the industrial rate of profit is sacrificed, subordinated to them.

Relative and Absolute Surplus Value

- Terminological alternatives:
 - ‘archaic surplus value’ Williams
 - ‘super-exploitation’
 - Wages below the value of (european,white) labour power
- Conceptually neither absolute nor relative surplus value
- “The production of absolute surplus-value turns exclusively upon the length of the working-day; the production of relative surplus-value, revolutionises out and out the technical processes of labour, and the composition of society. It therefore pre-supposes a specific mode, the capitalist mode of production, a mode which, along with its methods, means, and conditions, arises and develops itself spontaneously on the foundation afforded by the formal subjection of labour to capital. In the course of this development, the formal subjection is replaced by the real subjection of labour to capital”. Capital Vol 1 Ch 16

Third form of extraction surplus value

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- Absolute surplus value - extension

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Relative surplus value reduction of necessary labour due to increased productivity

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Super-exploitation redefinition of 'necessary labour' *due to oppression*

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Have to change assumptions in (eg) Ch 17 Vol 1

Different relationship of use-value to exchange value

Challenge

- The new analysis needs to incorporate value as an imperialist social relation. If value is a social relation of capitalism, hence the transformation of capitalism into imperialism also transforms value.
- Imperialism is a system for the production of surplus value that structurally combines national oppression with class exploitation.