

EDITORIAL

SKELTON ON “MARX’S CONTRADICTION”—ACT I.

By DANIEL DE LEON

ONE had almost forgotten that once upon a time there was quite a little stir about Marx having contradicted himself, until Prof. O.D. Skelton, Ph.D., Sir John Macdonald Professor of Political Science, Queen’s University, Kingston, Canada, recalled the silly dead and past. The late lamented Archbishop Corrigan of this city went so far as to announce from the pulpit at St. Patrick’s as his own swan’s song, that “Marx recanted on his deathbed.” An Italian pundit, Loria by name, and others in Germany, put it more mildly and less ecclesiastically. The burden of the song was, in all instances, to the effect that Marx had repudiated his own law of value. Engels treated the whole crew with deserved contempt. The incident seemed forgotten, when Prof. Skelton revamped it; dished it up anew in his prize-book *Socialism, A Critical Analysis*; and, in justice to justice be it said, presented the “Contradiction” in form and style more precise and concise than it was ever presented before. Indeed, and unfortunately for Prof. Skelton, this part of his “Analysis” is the only one in which the reasoning is not too shadowy to grapple. Hence, it is as easy to be overthrown as the series of false allegations of fact that have been so far mainly considered in the previous series.

The “Contradiction” is presented on pages 131–132 of the “Analysis.” It is presented dramatically, in three acts.

In the first act Marx is represented as pointing, “in the first volume of *Capital*, to a patent Contradiction in his theory, and promising to give the solution in the forthcoming next volume.

In the second act Engels is represented as challenging—in his preface to the “second volume of *Capital*, issued by him two years after the death of Marx—all the

powers that are in the heaven above, or that are in the earth beneath, or that are in the waters under the earth, to solve the riddle that Marx’s “Contradiction” presented, and the solution of which Marx had promised, Engels himself now promising to give a solution in the next, or “third volume of *Capital*.”

The catastrophe occurs in the third act. Marx and Engels flunk egregiously, ignominiously.

We shall analyze the three acts in three separate articles.

After correctly summing up (p. 126) the Marxian law regarding constant and variable capital; regarding the different functions of each; and regarding the difference between the “rate of surplus value” and the “rate of profit,” Prof. Skelton proceeds (p. 131):

“The doctrine of surplus value, as laid down in the first volume [Marx’s *Capital*], asserts that surplus value accrues only on the variable capital, the wage investment. It would follow, then, that the rate of profit in different industries would vary with the proportion of laborers employed. But it is patent that this is not the case: ‘every one knows that a cotton spinner who, reckoning the percentage on the whole of his applied capital, employs much constant and little variable capital, does not on account of this pocket less profit or surplus value than the baker, who relatively sets in motion much variable and little constant capital.’ (*Capital* I., p. 181) The same difficulty proved a stumbling-block in Rodbertus’ labor theory of value. Marx promised its solution in the forthcoming third volume.”

So sayeth Prof. Skelton about Marx. Now let us hear what Marx did say:

“This law [that the masses of value and of surplus-value, produced by different total capitals, vary directly as the amounts of the variable constituents of these capitals] clearly contradicts all experience based on appearance. Every one knows that a cotton spinner, who, reckoning the percentage on the whole of his applied capital, employs much constant and little variable capital, does not, on account of this, pocket less profit or surplus-value than a baker, who relatively sets in motion much variable and little constant capital. For the solution of this apparent contradiction, many intermediate terms are as yet wanted, as from the standpoint of elementary algebra many intermediate terms are wanted to understand that 0/0 may represent an actual magnitude. Classical economy, although not formulating the law, holds instinctively to it, because it is a necessary consequence of the general law of value. It tries to rescue the law from collision with contradictory phenomena by a violent abstraction. It will be

seen later [Footnote—“Further particulars will be given in Book IV”] how the school of Ricardo has come to grief over this stumbling block. Vulgar economy which, indeed, ‘has really learnt nothing,’ here as everywhere sticks to appearances in opposition to the law which regulates and explains them. In opposition to Spinoza, it believes that ‘ignorance is a sufficient reason.’” (pp. 293–294)

Accordingly, it leaps to the sight of the attentive reader that it is not true that Marx promised the solution of the Contradiction which he characterizes as flowing from “experience based on appearances.” What Marx did promise for a later volume was, not a solution of the seeming Contradiction, but an exhibition of “how the school of Ricardo has come to grief over this stumbling-block.”

By reading on, beyond the paragraph just quoted from Marx, it becomes furthermore clear that Marx had no occasion to promise the solution of the seeming Contradiction for a later volume. The rest of the chapter in which the paragraph occurs, together with the 268 immediate following pages, in fact, the rest of *Capital*, supplies the “intermediate terms,” as yet wanted to solve the mystery of the seeming contradiction—the extension of relative surplus value; the secret keeping of improvements, so long as the manufacturer could keep an improvement secret from competitors; the devices of competition; finally, and above all, co-operation, or the extra yield of co-operative labor, especially on a large scale.

The subject, a broad one, being of deep interest, but requiring close reading, will be here treated succinctly.

For the proper understanding of the source of surplus-value, capital is divided into two categories:

One category consists of the moneys expended on the plant and the raw material, generally. These items are transformed in the course of production, but they part with no greater value than they have. If the plant of manufacturer A is worn in the course of production to the extent of say, \$100, and the raw material has cost, say, \$1,000, then, that \$1,100, and no more from that source, will re-appear in the new product.—That category of the capital is called “constant capital.”

The other category consists of the moneys expended on wages. Wages purchase labor-power, normally at its exchange value. The item of labor-power also is transformed in the course of production; it also goes into the new product. But it

parts with a larger volume of value than its own. If, say, \$200 is the amount paid for labor-power by manufacturer A, then there will re-appear in the new product, that \$200, plus, say, \$200 more, the additional value, which to yield over and above its actual value is the use-value of labor power, and on account of which it is bought by the capitalist.—This category of the capital is called “variable capital.”

From this subdivision it follows that—

whatever volume of surplus-value the capitalist obtains must flow from the variable capital;

the *volume* of surplus-value, that is, the maximum of surplus-value that can be pocketed by the capitalist depends upon the amount of variable capital expended, another way of saying upon the number of hands exploited: if 1 man is employed and his wages are \$2, and he yields \$2 over and above the wages, the volume of surplus-value will be \$2: if 50 men are employed, the volume of surplus-value will be \$100;

profit is that portion of surplus-value that the capitalist ultimately pockets: the profit may equal the total surplus-value that the capitalist squeezed out of his wage slaves, and it may be less: if the profit is less, that happens because the profit is reduced by expenditures dictated to the trade, such as, for instance, the bribing of public officials, the necessity to undersell competitors, etc., etc.; all profit comes from surplus-value, but not all surplus-value goes to profits;

the *rate* of surplus-value depends upon the ratio between the variable capital and the surplus value yielded by the same: if the variable capital is \$200 and the surplus-value \$200, then the rate is 100 per cent.;

the *rate* of profit depends upon the ratio between the variable capital plus the constant capital, that is the ratio between the total capital, and the surplus-value. In the illustration of manufacturer A, the rate of profit is determined by the ratio between the \$1,100 constant plus the \$200 variable capital, that is, the ratio between \$1,300 total capital and the \$200 surplus-value: the rate is slightly over 15 per cent.

Such is the general law.

At first blush, having in mind that “profits” are “surplus-value,” two errors are easily slipped into, to wit, first the error of believing that the volume of “profit”

pocketed must be equal to the volume of “surplus-value” squeezed out of labor; and, second, the error of mistaking “profits” with “rate of profit”; whence—seeing that the rate of profit made by the cotton spinner who operates, say, a \$500,000 constant capital and the relatively small variable capital of, say, \$1,000, yielding him \$1,000, is below 0.2 per cent.—the conclusion would be that the baker, who operates a constant capital of, say, \$200, but a relatively large variable capital of, say, \$10, yielding him profits at the rate of more than 4 per cent., is pocketing larger profits than the spinner. Is not the variable capital which the spinner operates insignificant and that operated by the baker large, when compared with the constant capital that each operates? Hence, the baker, according to the law, should rake in more profits than the spinner. Is not 4 per cent. more than 0.2?

This, however, does not happen. It is the opposite that happens.

Is, then, the law false?

Classic economy, Ricardo leading, having scientifically established beyond cavil that labor was the source of value, felt imperatively ordered to hold to the law: It instinctively realized that the Contradiction could be in appearance only; and it felt as imperatively driven to explain the, to them, puzzling mystery. Lacking what Marx denominates the “intermediate terms,” the capers cut by the Ricardians in the effort, as Marx expresses it, “to rescue the law from collision with contradictory phenomena,” were numerous, at times even droll—so droll that Marx promised their treatment in a later volume.

What the “intermediate terms” are has been mentioned above. In what way do they solve the mystery?

It will not have escaped the careful reader that a big chunk of the “mystery” lies, not in the operation of the law, but in the operation of the slipshod minds who absolutely identify “profit” with “surplus-value,” and who, furthermore, confuse “profit” with the “rate of profit”—MASS of profit with PERCENTAGE. Nor will it have escaped the careful reader that Prof. Skelton incurred the identical guilt, only in aggravated form. Others gave no indication of having at all grasped the Marxian law. Prof. Skelton did. As was seen, Prof. Skelton correctly states the Marxian law by his summary: “Constant capital, that part of capital invested in plant and material, merely reproduces its own value in the process of manufacture. Variable

capital, on the contrary, the portion invested in labor-power, reproduces its own value and the whole of the surplus appropriated by the capitalist. The rate of surplus value is determined by proportion between surplus value and variable capital, the rate of profit by the proportion between surplus value and the total capital” (pp. 126–127); and again: “The doctrine of surplus value, as laid down in the first volume, asserts that surplus value accrues only on the variable capital, the wage investment” (p. 131). This notwithstanding, less than 5 pages later than the first citation and immediately after the second, driven by the stage demands of this first act in his melodrama of “Marx’s Contradiction,” the Professor, now become playwright, conveniently forgets all about what he had said just before, and proceeds: “It would follow, then, that the rate of profit in different industries would vary with the proportion of laborers employed”!!!—In such hocus-pocus no mystery lurks,—not to the wide awake.

There is, however, more involved than the looseness of slipshodded thinking or the artifices of a juggler with words. There is that involved which “intermediate terms” are needed to solve.

In order to obtain the identical mass of surplus-value, or profit, which he obtained before, the manufacturer needs an ever huger volume of constant capital. It goes without saying that under economic laws which decree the increase of a necessary factor, a factor, at that, which is barren of surplus-value, in order for the manufacturer to hold his own in the competitive field,—it goes without saying that under such economic laws, the “rate of profit” is bound to decline. When the workings of the economic law are furthermore ascertained to render dependent upon a steadily increasing monumental constant capital the number of wage-earners that can be drawn into the vortex of exploitation, hence, the mass of surplus-value to be squeezed out of the variable capital; and, furthermore, that, in the course of the process the mass of surplus-value steadily shrivels in contrast with the increasing mass of the interest on the constant capital;—when all this is considered, then the mind’s optical illusion concerning the general law’s leading to a lower mass of profit for the spinner than for our baker becomes obvious. For instance:

The spinner who, for instance, requires a \$10,000,000 constant capital to resist

being driven from the field of competition; who pays an interest of 5 per cent. on that capital; and who exploits 10,000 wage slaves, from whom he extracts \$20,000 surplus-value;—that spinner would be paying out \$50,000 in interest, or \$30,000 more than his surplus-value. It matters not whether the spinner himself owns the constant capital, or borrows it. If he owns it, he forfeits the \$50,000 interest, which, in this calculation, amounts to the same as having to pay the interest to others. The spinner, despite the fact of his operating a vastly larger variable capital than the baker in our illustration, will be pocketing less profit than the baker. He would be actually losing. This is, in fact, the Contradiction—yet, a Contradiction that flows only from “experience based on appearance.”

It will suffice to consider one of the intermediate terms out of the several that Marx proceeds to furnish immediately after having stated the seeming Contradiction.

The conclusion would be that the capitalist who employs 1 wage earner, from whom he extracts \$2 surplus-value, would extract no more than \$20,000 from 10,000 wage slaves. The reasoning is correct in arithmetic; it is incorrect in economics. The moment many wage slaves co-operate in an industry, the mass of surplus-value that they yield is not merely the sum of the surplus-value yielded by each. The surplus-value that they yield is equal to the sum of the surplus-values yielded by each individually, plus an additional amount which is the specific yield of co-operative Labor. Say, \$2 is the surplus-value yielded by 1 wage earner, \$10 would be the surplus-value yielded by 5; \$100 the surplus-value yielded by 50, and so on in a sort of arithmetic progression. But over and above the sum of these individual yieldings, there is a mass of surplus-value that increases in a sort of geometric ratio. The larger the number of co-operating wage slaves, all the larger, and in somewhat geometric ratio, grows the mass of the co-operative yield. If 5,000 wage earners yield a co-operative surplus of, say, \$20,000, then 10,000 wage earners will yield a co-operative surplus of \$80,000, and so on. Seeing that the larger the constant capital, all the larger is the number of exploitable wage-slaves in a plant, it follows that while the profits would sink according to the general law, yet the soundness of the law is, nevertheless, sustained,—and sustained by the law of value itself. The added surplus-value, that flows from the co-operative labor of the wage-

earners, counteracts and overcomes the effect of the increasing necessity for larger constant capital. Instead of losing, our spinner would pocket \$50,000 profit, or surplus-value—and distance our baker out of sight. Other “intermediate terms” fortify the process in still other manners.

So far from there being any contradiction in the general law formulated by Marx, the seeming “contradiction ” that he calls attention to furnishes him with the occasion to “rub in,” so to speak, the conclusions that the law points to.

Inferentially, the general law pointed to the working class as the source of the wealth in the pockets of the capitalist, and it even formulated the formula to determine the magnitude of the plunder. The “intermediate terms,” necessary to pick the lock of the “contradiction,” do more than pick that lock. They throw light into corners of exploitation, some of which the capitalist was, perhaps, not himself conscious of, tho’ delighting in the benefits that flowed from them, and probably looked to heaven in grateful recognition of the blessing. The “contradiction,” accordingly, leads to an analysis that uncovers a nest of capitalist secrets—secrets all of which, besides reinforcing the general law, exhibit still larger areas of exploitation which the capitalist is anxious to keep dark.

And this is the “contradiction” that Archbishop Corrigan builded his ecclesiastically colored myth upon; the “contradiction ” that at one time threw the capitalist pundits into a fever of excitement; finally, the “contradiction ” that Prof. Skelton staged as his melodrama’s first act—the act upon which the curtain now drops.

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