The *Grundrisse* (The 1857-58 Manuscript)

The Chapter on Capital: Part 7

The Labour Process and the Valorisation Process (pp. 304-320)

June 9, 2026

If we take the process of production, nothing can be present at its end that is not present ("as a presupposition and precondition") at its beginning, and everything that is present at its beginning must appear at its end. Nothing can just disappear, therefore, and nothing can appear out of nothing. If, therefore, capital appears as a presupposition, and appears to have disappeared as a formal relation over the course of the production process, "this can have taken place only because the invisible threads which draw it through the process have been overlooked." (Marx 1973, p. 304) It is these "invisible threads" that Marx will now examine.

[(1) The Labour Process][1]

Marx signals he is going to examine two "results" (he labels the results α and β). (These two "results" will rest on a distinction between what Marx will call the "materiality" of capital, and its "form". The material nature of capital is precisely that: the means of production, labour, circumstances of production; its "form" is what is specific to it *as capital*. Separated from its form, capital is indistinguishable from production in general.)

The first "result" is the following. Capital becomes the process of production through the incorporation of labour. But it becomes so "initially" only *materially*. ("Initially" here is *zunächst*: "first" in the sense not of "first in a sequence of events" but in that of "at first sight". (Cf. Marx 2006, p. 223.)) The result of this is that the process of production of capital coincides with the process of production in general: the social form of capital is here "extinguished" (i.e. lost from sight). Capital can be taken as no more than production in general because in this sense that is how it *appears*.

The second "result" relates to the determination of the *form* ("*der Formbestimmung*" (Marx 2006,p. 224)), as capital "preserves and modifies itself in the production process". (Marx 1973, p. 305)

[1] Subheadings in square brackets are mine, not Marx's.

[*Digression on productive and unproductive labour*]

(Marx here inserts a parenthetical remark on the question of productive and unproductive labour.[2] Referencing that the distinction dates back to Adam Smith's introduction of it in the *Wealth of Nations*, Marx asserts that productive labour is only that labour that produces *capital*. Marx attributes to Nassau Senior the notion that it would be absurd to classify "the piano maker [...] as a *productive worker*, but not the *piano player*, although obviously the piano would be absurd without the piano player". (Marx 1973, p. 305n (Marx's words, not Senior's)) But this is exactly the case, says Marx: "The piano maker reproduces *capital*; the pianist only exchanges his labour for revenue."[3] It is true that the piano player produces *something*; it is just that she does not produce *capital*.

Then, Marx notes, "[o]ther economists" see the "so-called unproductive worker" as "productive indirectly", insofar as, for example, "the pianist stimulates production". But, says Marx, all this says is that such labour—it may be useful, it may not—is *not* productive of capital.

Yet others take productive/unproductive as applying to *consumption*. Not so, says Marx: "[t]he producer of tobacco is productive, although the consumption of tobacco is unproductive. Production for unproductive consumption is quite as productive as that for productive consumption; always assuming that it produces or reproduces capital," and he quotes Malthus approvingly in this context.)

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Labour, Marx notes, does not exist *as a use value* other than for capital (for which it is the mediating activity by means of which it realises (Marx says "*verwertet*", better translated as "valorises"[4]) itself.

Marx makes several definitional statements as to what capital is. "Capital," he says, is "that which reproduces and increases its value". It is "autonomous exchange value (money)", and, as process, "the *process of valorisation*." (Marx 1973, p. 305; translation corrected according to my footnote 4.)

For the worker, capital is money, and it is against capital (money) that she exchanges her labour. This labour is exchange value for the worker and use value for capital; for the seller of a commodity its use value is irrelevant.[5]

The exchange value of labour is presupposed to it, and is determined (as in the case of any commodity) by the cost (objectified labour) of the production of the labouring capacity of the

[2] On p. 305 of Marx 1973 this remark appears as a footnote to a comment in the first "result"; in the original manuscript (Marx 2006, p. 225) it appears as bracketed paragraph inline to the text, just after the opening sentence of the second "result".

[3] But later in the Manuscript (Marx 1973, pp. 328-9) Marx notes that "[a]ctors are productive workers, not in so far as they produce a play, but in so far as they increase their employer's wealth."

[4] In spite of its many virtues, it is a fault of the translation that Nicolaus consistently translates the word *Verwertung* (and its related forms) as "realisation", rather than "valorisation".

[5] "The property of saltpetre, that it can be used to make gunpowder, does not determine the price of saltpetre; rather, this price is determined by the cost of production of saltpetre, by the amount of labour objectified in it." Marx continues: "The value of use values which enter circulation as prices is not the product of circulation, although it realises itself only in circulation; rather, it is *presupposed* to it, and is realised only through exchange for money." (Marx 1973, p. 306)

worker. In the exchange with capital, the worker "surrenders its [her labour's] *creative power*". This creative power then "establishes itself as the power of capital, as an *alien power*". In this way, as the productive power of the worker's labour comes to confront her as an "alien power", "capital, inversely, realises itself through the *appropriation of alien labour*." (Marx 1973, p. 307)

In the process in which labour is exchanged for a sum of money and then this sum of money for commodities, labour is not productive; labour *becomes* productive, but only for capital, the precondition for this being that capital valorises itself. (Marx here (Marx 1973, pp. 307-8) approvingly quotes Sismondi and Cherbuliez on this last point.)

> Thus all the progress of civilisation, or in other words every increase in the *social productive powers of society*, if you like, in the *productive powers of labour itself*—such as results from science, inventions, division and combination of labour, improved means of communication, creation of the world market, machinery etc.—enriches not the worker but rather *capital*; hence it only magnifies again the power dominating over labour; increases only the productive power of capital. (Marx 1973, p. 308, translation modified according to Marx 2006, p. 226)

The transformation of labour[6] is the result of the exchange between capital and labour, and it is through this transformation that labour, which "in its immediate being [...] is *not productive*", becomes a productive force of capital. Wage labour presupposes capital; capital is the "*transubstantiation*" of wage labour. For this reason, "the demand that wage labour be continued but capital suspended is self contradictory, self-dissolving." (Marx 1973, pp. 308-9)

As for those economists who argue that it is only labour that is productive (Marx cites "Ricardo, Sismondi, etc."), they do not understand capital as a relation of production, only in terms its material elements. But (as we have seen) it is not these material elements that make capital capital;[7] rather, it is labour itself that posits capital as capital.[8] And when Proudhon says that (Marx's words again) "*capital vaut, le travail produit*" ("capital [is] value, labour produces"), he says nothing but tautologies: that value is value, and labour labour.

Marx now makes the following important point. We are considering capital as "a relation distinct from that of value and money": we are therefore talking about "*capital in general*": "the incarnation of the qualities which distinguish value as capital from value as pure value or as money." (Marx 1973, p. 310. (This is the first mention of "capital in general" ("*das Capital im Allgemeinen*" (Marx 2006, p. 229)) in the Manuscript.)

> Value, money, circulation etc., prices etc. are presupposed, as is labour etc. But we are still concerned neither with a *particular* form of capital, nor with an *individual* capital as distinct from other individual capitals etc. We are present at the process of its becoming. This dialectical process of its becoming is only the ideal expression of the real movement through which capital comes into being. The later relations are to be regarded as developments

[6] Which Marx usefully defines as "living purposive activity". (Marx 1973, p. 308 ("*lebendiger zweckmässiger Thätigkeit*" (Marx 2006, p. 227))

[7] Marx cites Ricardo here, to whom he attributes the notion that (in Marx's words) "capital is 'accumulated labour employed in the production of new labour'." (Marx 1973, p. 309) This is a criticism that would also be appropriate to apply to Sraffa.

[8] "Say even speaks of the 'productive service of capital', on which remuneration is supposed to be based, as if the instrument of labour as such were entitled to thanks from the worker". (Marx 1973, p. 309)

> coming out of this germ. But it is necessary to establish the specific form in which it is posited at a *certain* point. Otherwise confusion arises. (Marx 1973, p. 310)

[(2) The Valorisation Process]

Marx indicates a shift in perspective. So far we have considered capital materially, as a "simple production process". But, if we look at it "from the side of its formal specificity", it is also a process of self-valorisation ("*Selbstverwertungsprozess*" (Marx 2006, p. 229)); self-valorisation "includes preservation of the prior value, as well as its multiplication." (Marx 1973, pp. 310-11)

Materially, production involves a raw material acquiring a "higher use value"; formally, it supposes a higher *exchange value*. Materially, production ends with the consumption of the product; formally, the product leaves the production process as higher exchange value, realised as money, and this supposes the continuation of the process.

Capital as form consists of values ("still more precisely [...] prices" (Marx 1973, p. 312)); that these values have different substances does not affect their nature as values. If, then, in production, these substances are transformed into a product, a value of a different substance, then it follows that the value of this product will be equal to the sum of the values materialised in the production process (namely raw material, instruments and labour). (Marx notes that the raw materials and labour are "entirely used up", and the instrument "partly" so; this last "continues to possess a part of the value of the capital in its specific mode of existence as present prior to the process." (Marx 1973, p. 312)) Value (as product) "has remained identical with itself and has merely taken on another mode of existence, become materialised in another substance and form." (Marx 1973, p. 313)

> If capital was originally = to 100 thalers, then afterwards, as before, it remains equal to 100 thalers, although the 100 thalers existed in the production price as 50 thalers of cotton, 40 thalers of wages + 10 thalers of spinning machine, and now exist as cotton yarn to the price of 100 thalers. This reproduction of the 100 thalers is a simple retention of self-equivalence, except that it is mediated through the material production process. (Marx 1973, p. 313)

The only precondition of the self-preservation of value here is the "completeness" of the production process: that a product actually be produced.

However. Capital supposes not just the self-preservation of value but the self-*valoristation* of value. 100 thalers of capital produces a product of 110 thalers. If it is said by the economists that the cost of production (or necessary price of a commodity) is equal to 110 thajers then the calculation is, for example, 100 thalers capital plus 5% interest plus 5% profit. The production cost is equal to 110 thalers; the production cost is greater than the cost of production.[9]

The question is therefore as to where this difference (Marx uses the term "surplus value" (*Mehrwert*) for the first time in the volume) comes from.

It cannot be because the use value of the product is "greater" than that of the elements of capital of which it is the materialisation, for this (use value) is not determined by exchange value.

Neither can it be put down to circulation, for circulation (as we have been considering it, i.e.

[9] "[D]ie Productionskosten also grösser als die Kosten der Production." (Marx 2006, p. 233)

as simple circulation) is expressly premised on the exchange of equivalents.[10] "It is clear [...] that if the act of production is merely the reproduction of the value of capital, then it [i.e. capital] would have undergone a merely material but not an economic change, and such a simple preservation of its value contradicts its concept [*Begriff*]." (Marx 1973, p. 316)

If the process of production only involved the reproduction of the value of capital then we would not be able to account for the revenue of the capitalist (for she too has to eat and drink, Marx notes). Supposed that her requirements amount to 10 thalers. Then only 90 thalers of the 100 thalers of product will be exchanged against capital. Production could not continue on the same, but only a diminished, scale. The solution to this problem is not to imagine that the remuneration of the capitalist be a wage, for then she would not be a capitalist. " The existence of capital *vis-à-vis* labour requires that capital in its being-for-itself, the capitalist, should exist and be able to live as *not-worker*. " (Marx 1973, p. 317)

In addition, it is also the case the "the risks of production have to be compensated. Capital has to preserve itself through the fluctuations of prices. The constantly ongoing devaluation of capital, resulting from the increase in the force of production, has to be compensated, etc." (Marx 1973, p. 317, italicisation suppressed) The absence of a surplus value would make this impossible.

The question is therefore the following: "[i]t is easy to understand how labour can increase use value; the difficulty is, how it can create exchange values greater than those with which it began." (Marx 1973, pp. 317-18)

If it were the case that the exchange value (money) that capital pays the worker were equal to the value which that labour produces in production then an increase in the value of the product (i.e. of capital) would be impossible.

Marx interrupts his flow here to enter into a series (three, in fact) of parenthetical digressions.[11] (If Marx's argument over the course of this part of the Manuscript appears disjointed, it has to borne in mind that what he is writing here is not a text of elucidation for public consumption but essentially a vehicle for him to *talk to himself*. He is still working through the logical chains of this thinking, teasing out the solutions to (apparent and real) contradictions through a process of elimination).

[*First digression: the interest on capital*]

The interest on borrowed capital, Marx notes, makes it "tangible" that what is meant by the term "cost of production" cannot be equal to the sum of values that *enter* production. Interest is a cost for the industrial capital, a "real" cost of production. But, Marx argues, the very existence of interest already presupposes capital emerging from production as surplus value since interest is itself one form that this surplus value takes. From this we draw the following conclusion. If interest enters into the production costs of the capitalist, this means that capital itself enters as a production cost.

Capital as interest appears as commodity, but commodity as capital (exchange value) as such,

[10] Marx here makes a parenthetical remark concerning Ricardo. "Consult Ricardo on foreign trade, which he conceives as simple circulation, and says, therefore: 'foreign trade can never increase the amount of exchange value in a country'. [...] The grounds he cites for this conclusion are absolutely the same as those which 'prove' that exchange as such, simple circulation, i.e. commerce in general, in so far as it is conceived as such, can never increase exchange *values*, never create *exchange value*." (Marx 1973, p. 316)

[11] The subheading that appears on p. 318 of Marx 1973 is of the edition, not Marx.

as such it circulates: "[t]he commodity as capital, or capital as *commodity* [i.e. interest], is therefore not exchanged for an equivalent in circulation ; by entering into circulation, it *obtains its being-for-itself* [*sein Fürsichsein* (Marx 2006, p. 236)]; it obtains its original relation to its owner, even when it passes into the possession of another." (Marx 1973, p. 318) It is precisely *loaned*. "For its owner, its use value as such is its *valorisation*; money as money, not as medium of circulation; its *use value as capital*."[12] (Marx 1973, p. 319, translation modified)

[*Second digression: original accumulation*]

Marx calls what he terms "original accumulation" (Marx 1973, p. 319) ("*ursprungliche Akkumulation*" (Marx 2006, p. 236), in other works of Marx habitually translated—misleadingly in my view—as "primitive accumulation") the "third moment to be developed in the formation of the concept of capital".[13] A distinction needs to be made between this *original* accumulation on the one hand and "the accumulation of capitals, which presupposes capitals, the relation of capital as *present*, which also presupposes its relations to labour, prices (fixed capital and circulating capital), interest and profit" on the other. (Marx 1973, p. 319)

> [I]n order to come into being, capital presupposes a certain accumulation; which is already contained in the independent antithesis between objectified and living labour; in the independent survival of this antithesis. This accumulation, necessary for capital to come into being, which is therefore already included in its concept as presupposition—as a moment—is to be distinguished essentially from the accumulation of capital which has already become capital, where there must already be *capitals*.

[*Third digression: where we are in the elucidation so far*]

Marx summarises. We have seen, he says, that capital presupposes, first, "production process in general", i.e. as it is common to all human societies; second, circulation, which is "a specific *historic* product in each of its moments, and even more so in its totality; third, capital as the unity of these two (i.e. production and circulation). It remains to be seen how " the production process in general comes to be modified historically as soon as it becomes merely an element of capital". (Marx 1973, p. 320)

(Marx makes here (Marx 1973, p. 320) several remarks regarding the order in which he will deal with the what he has been discussing, which need not detain us.)

[12] "The demand raised by Mr Proudhon, that capital should not be loaned out and should bear no interest, but should be sold like a commodity for its equivalent, amounts at bottom to no more than the demand that exchange value should never become capital, but always remain simple exchange value; that *capital* should *not exist as capital*."

[13] The "first moment", the "simple concept of capital", "took its point of departure from value, as it arose out of and presupposed circulation"; the second "proceeded from capital as the presupposition and result of production. The third "posits capital as a *specific unity* of circulation and production." (Marx 1973, p. 319)

References

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