

VALUE AND SURPLUS VALUE IN MARXIAN POLITICAL ECONOMY: TOWARDS A BETTER WAGE FOR THE NIGERIAN WORKER

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Introduction

Marxism as a political and economic ideology no longer enjoys currency in many parts of the globe. However, the issues that prompted the development of this ideology are issues that resurface every now and again in virtually every socio-economic setting of the world particularly in developing nations like Nigeria. Central among these issues is the under-remuneration and outright exploitation of the worker by the employer.

This paper is an appraisal of the theory of 'value and surplus value' in Marxist philosophy and proposes that this theory be used as a basis to improve the lot of the working class in Nigeria who, with the exception of, perhaps, political office holders, are over worked yet underpaid. This paper therefore,

proposes that we use the understanding of the dynamics of exploitation as explained by Marx to cut down the rate and mass of exploitation by employers for the good of the average Nigerian wage worker.

Background to the Development of Marxian Political Economy

The bourgeois revolutions of the 16th, 17th and 18th centuries in the Netherlands, Britain and France respectively saw the conquest of political power and the destruction of the then seemingly unshakeable feudal social system. This led to the formation and development of capitalism. The capitalist system that so evolved saw a tremendous growth of the productivity of labour and social wealth. It however, did not lead to a corresponding improvement in the lot of the working class who constitutes the proletariat of society.

The situation was such that there was a movement to two opposing poles of society. While great wealth was accumulated in one pole of society, namely the bourgeoisie who constitute the class of capitalist, the proletariat, which is the other pole of society, were made destitute. There was on going “*proletarianisation* of the small producers, harsh exploitation of the workers, including women and children, appalling living conditions, outrageous fines, all kinds of other restrictions, and unemployment, which increased particularly in the periods of recurrent economic crises of over production.”¹ Though the workers knew that the owners of industry were exploiting them, they did not know how this exploitation was taking place. The theory of value and surplus value developed as a theoretical explanation of how this exploitation was taking place.

Marxian political economy is concerned with the relationship between people in the process of production. It studies the economic laws that govern the production and distribution of material benefits in society as it occurs in the various stages of development.² It reached the conclusion that surplus value, which is the unpaid labour or wages of the workers arises from the fact that while the owner of labour power, that is the worker, is short-paid for his labour, the owner of industry that is, the capitalist, appropriates to himself the balance pay of the worker in the name of profit.

Surplus Value and the Exploitation of the Wage Worker

It is necessary that we know precisely the meaning of the term *wages* as it is used to describe the owner of labour power. *Wages* refer to “the sum of money paid by the capitalist for a particular labour time or for a particular output of labour.”³ They are part of already existing commodities with which the capitalist buys a definite amount of productive labour power. Marx opines that the same laws that determine the price of other commodities determine wages.

Wages are disguised payment for the value of labour power; they are a modified form of the value or the price of labour power.⁴ We have *time wages* as well as *piece wages*. The former is the payment of labour power for its functioning over a specified period of time, like a day, a week, or a month. And the latter is payment for labour power that has been computed on the basis of the worker's output per unit of time.

According to Marx, everything, including *labour power*, becomes a commodity under capitalism. Labour power is the purposeful human activity that is directed at adapting natural

objects in order to satisfy human wants. According to Engels, it “is the prime basic condition for all human existence and this to such an extent that, in a sense, we have to say that labour created man himself.”⁵ There are objects of labour and means of labour. While the 'objects of labour' refers to the things found in nature to which man applies his labour, the 'means of labour' refers to the things used by man to act upon the former.

Labour power exists in any society as the ability to work. It however becomes a commodity under the following conditions; (i) the personal freedom of the owner of labour power, which enables him to enter the market as seller of his labour power and (ii) the deprivation of the owner of labour power any means of subsistence or production. The absence of the second condition would necessarily cancel the presence of the first, for if the owner of labour power, namely the wage worker, has a means of production and subsistence, he would have no reason to sell his labour power. These two conditions that make labour power a commodity took shape with the exit of feudalism and the emergence of capitalism.

In the previous epoch of slavery and slave-owning, the slave could not sell his labour power because as a whole, he was the property of the slave owner. Neither could the serf in the feudal society sell his labour power, as he too was personally dependant on the feudal lord. Capitalism however, makes the worker personally free. Therefore, Marx argued in *The Capital*, that for the conversion of his money into capital, the owner of money meets in the market with the owner of labour power who freely trades his labour power to the owner of money capital. This trade is free in the sense that as a free man he can dispose of his labour power as his own commodity, and that on the other

hand he has no other commodity for sale except his labour power. This implies that the owner of labour power lacks every other thing necessary for the realisation of his labour power. It is therefore right to say that the transformation of labour power into a commodity was made possible by capitalism, or better still, is characteristic of capitalism.

Having become a commodity, like every other commodity, labour power has *value*. *Value* is the worth of a commodity. It is determined by the amount of abstract labour that goes into the production of the commodity. It is both a historical category as well as a social category, for it reflects the kind of relations that exist between commodity producers. It is also an inherent property of a commodity which is estimated by comparing it to other commodities.

There are basically two types of value; 'use value' and 'exchange value.'⁶ Use value is the capacity of a product, be it natural or industrial, to contribute to the subsistence of man, while *exchange value* is the capacity of a commodity to be exchanged for another. Use value is indissolubly linked to value because one cannot exist without the other, while exchange value is a kind of second property of the commodity, which is expressed in the ratios in which commodities can be exchanged.

According to Marx, the value of labour power is determined by the aggregate cost of: (i) the means of subsistence required to sustain the life of the owner of labour power; (ii) the means required to meet socio-cultural needs; (iii) the means required to sustain an average family; and (iv) the means required to train workers in various fields.⁷ The value of labour power is therefore correspondent to the value of the necessities required for its reproduction. This is because, as the ability to

work, labour power cannot be separated from man, therefore, its production and reproduction demands that a man's important functions be maintained at its normal level.

Marx revealed the mechanism of the capitalist exploitation when he disclosed a unique property of labour power as a commodity. Namely, *that it can produce a greater value than itself possesses*. It is precisely for this additional value, which becomes *surplus value* that the capitalists hire workers or buy labour power. *Surplus value* is “the value created by the labour of wage workers over and above the value of their labour power, and gratuitously appropriated by capitalists.”⁸ This means that surplus value is the difference that results from the capitalist exploitation of the wage worker's labour power.

Therefore, the main source of surplus value is the labour of workers, which is appropriated by the capitalist who has purchased their labour power, part of which he does not remunerate. The specific use value of a commodity, which is equivalent to the labour power inherent in its production, consists in the capacity to create surplus value. Thus, Marx argued that “the production of maximum surplus value and appropriation by capitalists through exploitation of wage workers is the principal economic law of capitalism.”⁹

The Production of Surplus Value and the Chemistry of Capitalist Exploitation

Labour, which is man's activity on nature, is bought as labour power in the capitalist system. Thus, the worker works within the control of the capitalist who owns the means of production and the labour power he has bought. Within this set-up, the capitalist appropriates the product of labour, which is the

commodity created by the worker.

In *The Capital*, Marx argued that the capitalist has two objectives in view; (i) to produce a use value that has a value in exchange, that is, to produce an article that would be sold as a commodity and (ii) to produce a commodity with a value greater than the sum of the values of the commodities used in producing it, that is, a commodity with a value greater than the value of the means of production and labour power, which he has purchased in the open market. His aim therefore is “to produce not only value, but a commodity also; not only use-value, but value; not only value, but at the same time surplus-value.”¹⁰ The production of surplus value leads to the accumulation of *capital*. What is capital?

Capital “consists of raw materials, instruments of labour and means of subsistence of all kinds, which are utilized in order to produce new raw materials, new instruments of labour and new means of subsistence.”¹¹ Capital is the sum of commodities, of exchange values and of social magnitudes. These become capital when they become private property that is used in the exploitation of the working class. So “capital is an aggregate of certain production relations between the capitalist who own the means of production and the workers who are deprived of these means and are compelled to sell their labour power and in this way to create surplus value.”¹² Capital is therefore the value from which arises surplus value as a result of exploitation of wage workers. It is a social relation, a production relation of bourgeois society. Capital increases by exchanging itself for labour; therefore, increase of capital means increase of the proletariat.

As argued by Marx, capital is subdivided into two,

constant capital and *variable capital*. Constant capital is that part of capital which is included in the means of production. It is transferred, either in full or in part to commodities, while it yet retains its initial amount. Variable capital on the other hand, is that aspect of capital expended on the purchase of labour power whose amount grows in the process of production. This means that a wage worker creates a greater value than what the capitalist spends on the purchase of his labour power. This subdivision shows that surplus value is created in variable capital, meaning that it is the variable part of capital that begets surplus value.

Let us assume that the capitalist who bought the means of production and labour power spends N400 in purchasing the means of production used in the process of producing a given commodity and N100 in purchasing labour power, it would then mean that he has expended a total of N500. If the value of the commodity produced were N600, there would be a difference of N100. This difference is a result of exploitation of the labour power and therefore it is surplus value. Now in the process of production, old value, which is the value of the machines and raw materials, are transferred through labour power to new commodity and new value is produced. This new value is a property of the labour power. So, the value of the new commodity can be expressed, as $C+V+M$. C is the value of the means of production consumed, V is the equivalent of the value of labour power and M is surplus value.¹³

The mechanism behind this is that the entire working time is divided into *necessary* and *surplus time*. The first part of the working day is used by the wage worker to create value equal to the value of his labour power, while the second part of the working day is used in creating surplus value. The first part of the

working day is the *necessary time* and the labour spent within this part is the *necessary labour*. This part of the working day is necessary for the worker to produce the means of subsistence for himself and his family. The second part, which is the *surplus time*, is when the worker creates surplus value and the labour spent here is *surplus labour*. According to V. I. Lenin:

The wage-worker sells his labour-power to the owner of land, factories and instruments of labour. The worker spends one part of the day covering the cost of maintaining himself and his family (wages). While the other part of the day he works without remuneration, creating for the capitalist *surplus value*, the source of profit, the source of the wealth of the capitalist class.¹⁴

The ratio of surplus labour over necessary labour shows how and to what degree the capitalist is exploiting the producer or owner of labour power, the worker. This chemistry of exploitation is veiled.

As in the case of slave-owning and feudal modes of production, where there was economic compulsion, so it is with capitalism but in a veiled manner. In capitalism, the wage worker is free to sell his labour power or not. Since however, he lacks the means of production he is left with no alternative but to sell his labour power in order to have the means of subsistence. Therefore, he allows himself to be exploited in order to survive. Labour, within this set up becomes compulsory, the compulsion is however economic and not physical like the preceding epochs. This pertinent and essential fact is veiled by the worker's personal freedom, which supposes that he sells his labour power because he is willing to.

Capitalist exploitation is equally characterised with an inordinate and insatiable appetite for surplus value. This results

from the fact that the objective of production in capitalism is to maximize capital, this is what the capitalists call profit. Instead of the noble goal of satisfying human needs, capitalism is aimed at maximizing capital at the expense of the wage worker.

To achieve the aim of maximizing capital, capitalists have subtle methods by which they intensify the exploitation of the workers. This is through the increment of surplus time. This is done in two ways, (i) by the production of *absolute surplus value* and (ii) by the production of *relative surplus value*. But before expounding on these, let us quickly consider the *rate and mass of surplus value* as a means of determining the extent of exploitation of the worker by the employer.

The rate of surplus value expresses how the newly produced value is distributed between wage workers and the capitalists, that is, which part of the day a worker works for himself and which part of the day he works for the employer. The rate of surplus value is expressed through the ratio of a part of the working day to the other or through the ratio of a part of the expended labour to the other, that is, surplus time and necessary time or surplus labour and necessary labour respectively. If for instance, the working hours in a day is eight and it is subdivided into four hours of necessary time and four hours of surplus time, the rate of surplus value would be 100%. Thus, the rate of surplus value reveals the amount of labour power that is gratuitously appropriated by the capitalist; the amount of gratuitous unremunerated labour given by the worker to the capitalist per unit of necessary labour. Marx argued that, “the rate of surplus value is therefore an exact expression of the degree of exploitation of labour power by capitalism.”¹⁵

Though the rate of surplus value reveals the extent of

exploitation of the worker by the capitalist, it however, does not show the concrete amount gained by the capitalist from the exploitation of the worker. The latter is to be determined by the mass of surplus value. The number of workers exploited and the rate at which they are exploited determines the mass of surplus value. The mass of surplus value is the sum total of the number of exploited employee and the rate of their exploitation in a capitalist enterprise. “The higher the rate of surplus value and the larger the number of workers employed at a capitalist enterprise, the higher the mass of surplus value and, consequently, the greater the parasitic profits derived by the capitalist.”¹⁶

Through absolute and relative surplus value the capitalist seeks to intensify the exploitation of the wage worker. Absolute and relative surplus values are methods by which the capitalist increases surplus time. The surplus value gained by the increase or lengthening of the hours of work is called absolute surplus value; that is prolonging the working day beyond necessary working time. If for instance, the capitalist increases the working day from eight hours to ten hours with the necessary working time remaining the same, like four hours, the surplus working time will invariably increase from four hours to six hours. This would translate into an additional 50% increment in the surplus value and the mass of surplus value increases correspondingly. Speeding up work and underpaying the workers can also produce absolute surplus value.

The production of relative surplus value is another way by which the capitalist raise the degree of exploitation. This consists in the cutting down of necessary labour time, which as a matter of logical necessity, brings about a corresponding

increase in the surplus labour time. Take for example that the necessary labour time is reduced to three hours from four hours in an eight-hour working day, the surplus labour time increase from its former four hours to five hours, and then there would be an increase in the rate of surplus value from 100% to 166%. The capitalist reduces necessary labour time by bringing down the cost of necessities for the worker, which brings down the cost of labour power, therefore, the worker works less for himself and more for the capitalist. The capitalist can also bring down the cost of labour power by using women and children or immigrants as the case may be, the wages of these groups of workers are usually lower than that of men, at least as at the time of Marx.

Concluding Remark

The theory of value and surplus value argues that the capitalist mode of production is profit oriented and therefore deliberately schemes ways of exploiting the worker by getting the best out of him for the least amount. Marx carefully worked out this theory going into micro details to buttress his point, thus at once, the theory looks all-embracing and inclusive. The question that interests me is whether the Marxian theory of value and surplus value takes into consideration the natural drive in all humans to maximize? To reformulate this question would be to ask whether there is anything wrong in the quest for profit. This question is necessitated by Marx's blatant disapproval of the accumulation of capital and his presumption that state ownership of the means of production (which is the logical conclusion of his thesis) would bring about equitable distribution of capital and means of subsistence without one

class of society exploiting the other. The latter in the first place will not be possible as the communist state he has in mind would be a classless society. But again, is a classless society realizable or it is just utopian?

Human exploitation should be abhorred as it is unhealthy for society. Workers should be duly and properly remunerated; when this is done profit making would not be out of place. By proper remuneration, we mean *just wage*. Just wage here means paying the worker in accordance to his input as regulated by: (i) his basic needs for self-subsistence and that of his family; this will include his social and intellectual needs; (ii) the prevailing economic situation of the time; (iii) the basic needs of sustenance of the industry that creates job opportunities for the populace; and (iv) the needs of the owner of industry.

Marx's theory of value and surplus value remains the only socio-economic and political theory in history that provides a completely consistent account of the genesis and reproduction of capitalism. Since human beings have a natural capitalistic tendency and we live in a capitalistic world, governments of various states, particularly, the Nigerian nation should carefully study this theory and use it as a springboard to carefully investigate economic abuses. By economic abuses, we mean the excesses of capitalism, which includes undue exploitation of the working class that create massive gaps between the rich and the poor as it obtains in many capitalist enterprises, particularly the private sector.

The rate and mass of surplus value should be regulated by an increase in necessary labour time and a corresponding decrease in surplus labour time. By so doing, the wage worker earns more for himself by his labour power, which he has sold to

the capitalist and spends less time working for the capitalist. In this way, capital accumulation or profit is regulated, the human dignity is respected and exploitation is reduced. The government should abrogate absolute and relative surplus values, which are means of intensifying exploitation.

ENDNOTES

- ¹ R. Daglish, *The Fundamentals of Marxist-Leninist Philosophy*, (Moscow: Progress Publishers, 1974), pp.45-46
- ² M. N. Ryndina, G. P. Chernikov & G. N. Khudokormov, *Fundamentals of Political Economy*, (Moscow: Progress Publishers, 1980) p. 8
- ³ K. Marx, *Wage Labour and Capital*, (Peking, China: Foreign Languages Press, 1978), p. 17
- ⁴ M. N. Ryndina, G. P. Chernikov & G. N. Khudokormov, *Fundamentals of Political Economy*, p. 56
- ⁵ K. Marx & F. Engels, *The Communist Manifesto*, (Moscow: Progress Publisher, 1963) p. 80
- ⁶ K. Marx, *The Poverty of Philosophy*, (New York: International Publishers, 1963), p. 31
- ⁷ M. N. Ryndina, G.P. Chernikov, & G. N. Khudokomov, *Fundamentals of Political Economy*, p. 46
- ⁸ *Ibid.*, p. 48
- ⁹ V. Buzuev & V. Gorodnov, *What is Marxism Leninism?*, (Moscow: Progress Publishers, 1987), p. 113
- ¹⁰ R. C. Tucker, (ed.), *The Marx Engel Reader*, (New York: W. W. Norton & Company Inc. 1972), p.239
- ¹¹ K. Marx, *Wage Labour and Capital*, *Op. Cit.*, p. 28
- ¹² V. Buzuev, & V. Gorodnov, *Op. Cit.*, p. 114
- ¹³ M. N. Ryndina, G. P. Chernikov, & G. N. Khudokormov, *Op. Cit.*, Pp. 48 - 49
- ¹⁴ Lenin, *Collected Works*, vol. 19: 26
- ¹⁵ K. Marx, *The Capital.*, vol 1 3, (Moscow: Foreign Languages Publishing House, 1954) p. 209
- ¹⁶ V. Buzuev & V. Gorodnov, *Op. Cit.*, p. 117