

Surplus Value - an Imaginary Socioeconomic Scenario

Or: Of Slaves and Robots

by

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In a far-away land, completely isolated from the rest of the world (let's call it *Isoland*), there lived 10100 people. 100 of them had a special talent: they could impose their will on others who were not endowed with this talent - the other 10000 that is. It was less a matter of force than a certain kind of charisma. They had split Isoland amongst themselves and got along with each other reasonably well.

They used their talent - call it *power* - to take possession of the remaining 10000 inhabitants, 100 for each of the 100. Each one of the "upper 100" had the 100 he owned serve him and produce all necessities and more, making his life quite comfortable. We call the 100 the O-s and the 10000 the W-s. We say O-s, because the 100 *owned* everything in Isoland, not only the land and its treasures, but - as pointed out - also the 10000 W-s. We call the W-s W-s because they did all the *work*. In actual fact they were, in standard terminology, *slaves*, without any rights and property.

(We admit: the numbers have been made up. They only serve to indicate the difference in order of magnitude between the number of O-s and the number of W-s. We shall not mention them again.)

Somehow, of course, the basic needs of the W-s had to be satisfied, so that they could do the work for the O-s. But the O-s took care of that. Of the products the W-s made for the O-s the O-s left just enough for the W-s to eke out a living. The W-s also got a bit of free time to look after themselves or their kin.

Thus everything seemed perfect and it could have gone on like this forever. But every so often an O would lack the odd item he needed for his W-s. He would then call on a fellow O who could provide it - in return for some kind of IOU ("*I owe you*") document. These IOUs that could also be passed on from O to O, turned into a veritable currency for trading within the O community.

In fact, to simplify matters, the O-s had agreed to entrust one of them - subsequently known as the *Bank-O* (or *BO*) - with issuing and managing the IOUs.

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To obviate the need to write an IOU for each and every item or service they furthermore decided to standardise the IOU by putting a figure on a piece of paper, and to leave it to the buyers and sellers to assign a *numerical value* to the respective goods or services. These goods or services could then be *paid* with IOUs that added up to that value.

Henceforth, the IOUs were called *banknotes*, and the amounts noted on them, *Credos*. There were 1-*Credo* notes, 2-*Credo* notes, 5-*Credo* notes, and so on. Sooner or later the O-s used them not only to acquire items they needed for their W-s but also whatever they wanted for themselves that their own W-s could not make or deliver. Thus a real market emerged, for O-s only. Let us call it the *O-market*.

By the way, this market also served to buy and sell W-s. After all, each of the latter was the property of some O. So whenever an O thought he would no longer need a certain W but that W could be used by another O, he would offer that W on the O-market.

So again, everything seemed perfect and it could have gone on like this forever. The O-s were in business with each other without greatly profiting from it (which was not what they intended anyway); they had a good life and took care of their W-s who created all their wealth.

But now that the O-s, as it were, had invented *money* it gave them entirely new ideas. Was having to take care of that many W-s not a bit of a nuisance? If the O-s gave them some money they could take care of themselves. And so it happened. The W-s were told they were now *free* and could choose which O they wanted to work for. For the products and services they made and rendered they would be paid in *Credos*. On a market, specifically set up for them - the *W-market* - their pay would buy them what they needed to make a living of sorts, things that, after all, they themselves had made. The O-s became entrepreneurs and owned everything that was required to produce whatever was needed or wanted and to deliver all kinds of services.

Only the W-s were no longer the property of the O-s, at least not formally, *de iure*, with a title of ownership or the like of it. But the W-s' knowledge and skills *de facto* continued to belong to the O-s. And of course everything the W-s produced.

Why "*de facto*"? Well, while in the old days a W could to all intents and purposes rely on his owner for sustenance, now, as a *wage earner*, he was on his own. His survival depended on the wage he received from one of the entrepreneurs. Without it he was more or less doomed. He received the wage on condition that he made his time and know-how available to an entrepreneur. Or, to put it more bluntly, if he *could* make it available. Because the entrepreneurs were free

to accept or reject the application a W might put in. Thus it could well be that not every W found paid work.

Previous arrangements were effectively such that altogether the W-s were allowed to keep a rather small part of what they had produced, while the bigger rest belonged to the O-s. We can put this in terms of the abstract concept of “*value*”: the W-s created value for the O-s, but were permitted to partake of it. In a sense, everything beyond their subsistence was *surplus value*, in its entirety at the disposal of the O-s. As already mentioned, the O-s used a good deal of it to live in great comfort, certainly in much greater comfort than any of the W-s was ever able to.

Now that there was money, values could be measured in *Credos*. Hence all products and services, in fact everything that could change its owner or be demanded, things “*of value*”, that is, were assigned a *monetary value*, a number, subject to negotiation. And while previously a W also had a value whose monetary measure was fixed on the O-market, it was now his *working time* that was valued through the wage he was paid in *Credos*. The OB, the *Bank of Isoland*, issued enough *Credo*-notes to conduct the numerous transactions that were to be expected.

The wage corresponded roughly to the monetary value of what the W-s needed to make a living. But it was way short of the total value of what they actually produced. Thus the W-s could buy only a minor part of their own product. The bigger rest remained with the O-s. Most of it was in the form of goods the W-s could not afford. That is because a W got only as many *Credos* as he needed to eke out a living, and perhaps a little more at best. Prices were fixed accordingly by the O-s, largely without any possibility of extensive bargaining.

An example may illustrate this: let us suppose an O owns all devices, machines, tools and ingredients required to bake bread and cakes. He employs a W who can bake two loaves of bread and one yummy gateau every day. Of these O offers one loaf on the W-market, keeps the second loaf for himself, takes a sizeable piece of the gateau and puts away the rest for eventually selling it on the O-market. W’s wage is about just enough to purchase on the W-market the same bread that he just baked. The second loaf and the gateau represent the surplus value, created by W for O, that if seen as a commodity, can also be expressed in *Credos*.

So again, everything seemed perfect and it could have gone on like this forever. Providing an O gave them the opportunity to work the W-s made it by the skin of their teeth. And the O-s continued to have a good life, the difference being that it was even better than before when they had to worry about the weal and woe of their W-s.

If not something entirely unexpected had happened. The W-s became rebellious. Watching the O-s living in clover they realised that there was something wrong in Isoland if they themselves were perpetually on their uppers and had great trouble to make ends meet. They started banding together and to devise ways and means of getting more of “the cake” they were baking. They began to go on strike. Not all of them at once but so that the O-s would feel the pain. Pinprick-like, as it were.

The O-s realised that if they succumbed, over time their “*labour costs*” would rise to a level they were not prepared to accept. They pondered possible remedies. Technical developments specialists among the W-s had been carrying out for the O-s - incidentally, as part of the surplus value - came to the rescue. They led to more and more efficient tools, and eventually entire shop operations, previously done by hand, could be taken over by machines. Services as well, for instance in the transportation and retail businesses, could be largely automated. Not many people had to play a part in it any more.

Henceforth, the O-s exploited these developments on a big scale. The result: less and less W-s were needed to produce the surplus value the O-s were used to (and more!). While the relatively few suitably qualified W-s responsible for overseeing the machines and in charge of further technical development, and other members of the “*managerial elite*”, earned quite well, more and more of the wage earners found themselves in a more and more precarious situation.

What to do? Somehow word got around among the O-s that it was not on to simply abandon all those people, now without income, to certain starvation. So they granted them, as in the old days and teeth-gnashingly, just enough to live on the breadline. Unlike before, the W-s did not have to work for it, *could* not work for it. Slaves had become robots. Robots do not buy anything. The former slaves do not buy much either. The W-market was adapted accordingly.

So again, everything seemed perfect and it could go on like this forever. Or ...? What next? After all: robots do not complain, do not get tired and do not demand wages. But what will happen to all those W-s?

Briefly: The slaveholder has the power to appropriate to himself the products made and the services rendered by his slaves. But he must make sure that his slaves can satisfy their basic needs. Wage labour offloads this “burden” onto a more or less anonymous market. If the slaveholder had the possibility to have machines make all the products and render all the services he believes he needs, then he could do without slaves. Likewise the “ruling class” of the proprietors of all means of production: if machines (including “robots”) satisfied all their needs then this would obviate the need for wage labourers and a market satisfying *their* needs. Would it not be about time then that we all became the “ruling class”?