1) Surplus-Value and Profit

We have seen that the production process, considered as a whole, is a unity of the processes of production and circulation. This point was examined more closely when we considered the circulation process as a process of reproduction (in Chapter Four of Book Two).\footnote{This process was examined in Chapter Four of Marx’s 1865 manuscript for what he called ‘Book Two’ of Capital. When Engels published Book Two as Volume II in 1885, this chapter became ‘Part Three’. Translator} It cannot be the purpose of the present book to make general reflections on this ‘unity’. What is necessary is rather to discover and present the concrete forms [Formen] which grow out of the process of capital, considered as a whole. (In their actual movement, capitals confront each other in certain concrete forms, for which both the shape of capital in the direct production process and its shape in the process of circulation appear merely as particular aspects of their movement. The forms [Gestaltungen] of capital, as we develop them in this book, thus come closer, step by step, to the form [Form] in which they appear at the surface of society, in the everyday consciousness of the agents of production themselves and finally in the action of the different capitals upon each other, namely competition.)\footnote{The next four important paragraphs were not included in Engels’s Volume III; see pp. 8–9 of the Introduction for a discussion of these paragraphs. Editor}

We may presuppose any period of time we like as the unit of measurement for the turnover of capital, but for the reasons discussed earlier when we looked at capital in general, the year would be appropriate as such a unit. In one year, a capital produces a certain quantity of surplus-value. For convenience of estimation we take the number 100 as our standard of measurement (unit of measurement) of the magnitude of a capital, as indeed we did earlier, with the result that the rate of surplus-value is expressed as a percentage. If one now calculates the surplus-value produced in a year (or in any other specific circulation period) in relation to the total capital advanced, which consists of the constant capital advanced plus the variable capital advanced, the surplus-value is transformed into profit.\footnote{The surplus-value produced during a given period of circulation (one may take for example a} The rate of profit is the ratio of the annual surplus-value...
to the total capital, a ratio which is similarly usually expressed as a percentage. For example, let a given capital consist of £400 constant and £100 variable capital and let the annual surplus-value come to £100. If we consider this £100 as the offspring of the total capital advanced, £500, we are looking at it under the profit category. \(2\) The annual rate of profit would be expressed by the ratio \(100/500 = 1/5 = 20\%\), and we should say that the rate of profit of the capital amounted to 20 percent a year.\(4\)

(Later on in this chapter we shall have to give further details and determine how the annual rate of profit is related to the daily profit and hence also to the daily rate of surplus-value.) (Here, of course, we shall only be dealing with the average day.)

From the point of view of its material, the profit (in the shape in which it directly confronts us here) is nothing other than the surplus-value itself. Its absolute magnitude does not therefore differ from the absolute magnitude of the surplus-value which capital produces during a given turnover time. It is surplus-value itself, but calculated differently, or, as it initially appears, viewed subjectively in a different way. The surplus-value is by its nature related to the variable part of the capital, and it is therefore calculated in relation to this, i.e., to the part of the capital which causes the surplus-value to originate through exchange with the price of labour, from which it arises in reality. Circulation time, differing as it does from production time, only comes into consideration here as a barrier to the creation of surplus-value. As profit, in contrast, surplus-value is not related to, and therefore not measured against, a part of the capital advanced, but rather the total amount of capital, without regard to the very different roles which the various constituents of capital play in the creation of surplus-value and the production of commodity values as such.

Profit, in a material sense, and therefore as an absolute magnitude or quantity, is not at all different from surplus-value. It is nevertheless a changed form of the latter, and we shall therefore investigate the significance and importance of this simple alteration of form immediately after the present discussion. In contrast to this, in the rate of profit – or its relative magnitude, i.e., its magnitude as compared with the magnitude of the capital advanced – the surplus-value

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\(4\) Here we consider the surplus-value of £100 not in relation to the £100 of variable capital, hence a fifth of the total capital from which it arises, but in relation to the five-fifths (5/5) of which the total capital consists, hence with regard to the total capital advanced.