



Karl Marx 2 : Commodities and Value

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Intro

- Marx criticizes "classical" political economy, and in particular Ricardo, for its "**naturalistic**" vision.
- For Ricardo, the rules governing capitalist exchange and accumulation appear to belong to a natural order. Such an approach, **blind to history**, prevents understanding the true meaning of economic categories, as well as the historical character of capitalism itself.

Intro

- **Commodities, capital, wage labour, and commodity exchange** must be understood as **historical and transitory categories**, rather than as natural and definitive ones.
- Although the approach of classical economists is scientific, **Marx criticises them for never explaining these concepts, which they take as given** and which form the basis of their analyses.
- To carry out the anatomy of the capitalist mode of production means, on the contrary, reconstructing the **genealogy of its essential categories**.

Intro

- Capitalism relies in particular on the **generalisation of commodity exchange**, which constitutes its main characteristic and one of whose most striking consequences is **wage labour**.
- The **wage relation conceals capitalist exploitation**: the fact that exploitation is rooted in an exchange—implying juridical equality and the formal freedom of the contracting parties—tends to render it invisible to economic agents.
- This generalisation of commodity exchange presupposes the **commodity**, the central concept to capitalism. Marx's critique therefore logically begins with its analysis.

The commodity: a dual definition

- “The wealth of those societies in which the capitalist mode of production prevails, presents itself as ‘an immense accumulation of commodities’ its unit being a single commodity. **Our investigation must therefore begin with the analysis of a commodity.**” (*Capital, vol.1, chap.1, first paragraph*)
- Commodity is the **central category** of the capitalist mode of production.

The commodity: a dual definition

- Commodities present a dual character, depending on whether they are considered in terms of quality or quantity.
- This dual perspective corresponds to two different definitions of the commodity put forward by Marx.

The commodity: a dual definition

- **Def. 1** – “A commodity is, in the first place, an object outside us, a thing that by its properties satisfies human wants of some sort or another.” (Capital, chap. 1)
- This first definition refers to a first, **qualitative** relation under which the commodity can be considered: as a **use value**, that is, as the capacity to satisfy a specific need, whether in consumption or in production.
- However, needs, just like the use values that satisfy them, are **incommensurable** and therefore incomparable.

The commodity: a dual definition

- **Def. 2 – A good produced for the purpose of exchange.**
- Under this second, **quantitative** relation, a commodity is therefore an **exchange value**, or “the proportion in which use-values of one kind are exchanged for use-values of another kind.”
- The **primary purpose of commodities**, as opposed to simple products, is **to be exchanged before being consumed**.
- The generalisation of commodity exchange therefore presupposes the generalisation of **production oriented primarily towards sale** rather than immediate use.

The commodity: a dual definition

“Whoever directly satisfies his wants with the produce of his own labour, creates, indeed, use values, but not commodities. In order to produce the latter, **he must not only produce use values, but use values for others, social use values.** “

(Capital, vol.1, 1.i)

- → cf. the difference between a private vegetable garden and a market-gardening enterprise.
- A commodity is therefore not a mere use value, but a **social use value**—that is, a use value others than the producer—which is a necessary condition for it to become an exchange value.

The substance of value

- Commodities are therefore destined to be exchanged.
Yes—but **on what basis?**
- A first problem immediately arises: that of the **common denominator** which makes **comparison** possible and serves as a criterion for exchange.
- This common denominator is what Marx calls the “**substance of value.**”

The substance of value

- Commodities, whose diversity is almost infinite, have only two features in common:
 - 1 – they are socially useful (otherwise no one would want them);
 - 2 – they are the product of labour.
- Since their use values are incommensurable, they must be set aside. Once use values are abstracted from, commodities share only one common property: they are the product of labour.
- Exchange value therefore expresses a relation between quantities of labour. **Labour is the substance of value.**

Concrete labours vs. abstract labour

- Labour is therefore the substance of value.
Yes—but not just any kind of labour.
- One must reason in terms of **abstract labour, not in terms of concrete labours.**
- Marx criticises the Ricardian analysis of value:

$$\frac{VE M}{VE M'} = \frac{Ql M}{Ql M'}$$

- Such an equation presupposes that the quantities of labour embodied in commodity M and commodity M' are homogeneous.

$$\frac{VE M}{VE M'} = \frac{QI M}{QI M'}$$

Concrete labours vs. abstract labour

- $\frac{VE M}{VE M'} = \frac{QI M}{QI M'}$ supposes that Q/M et Q/M' are homogenous
- Yet the labour actually expended in the production of M and M' —for example, iron and wheat—is of a different nature, since it does not mobilise the same skills.
- The quantities of labour embodied in M and M' therefore cannot be compared directly, as **they are qualitatively different and heterogeneous.**

$$\frac{VEM}{VEM'} = \frac{QIM}{QIM'}$$

Concrete labours vs. abstract labour

- Concrete labours, which give rise to use values, are just as incommensurable (and incomparable) as those use values themselves.
- One must therefore reason in terms of homogeneous and undifferentiated labour—**labour in general: abstract labour.**

$$\frac{VEM}{VEM'} = \frac{QIM}{QIM'}$$

Concrete labours vs. abstract labour

- Labour, like commodities, can therefore be considered under two aspects:
- as **useful labour** (from the standpoint of quality)
 - **heterogeneous**, particular and incomparable **concrete labours**
 - production of incommensurable and incomparable **use values**.
- as **labour in general** (from the standpoint of quantity)
 - **homogeneous**, impersonal and measurable **abstract labour**
 - the substance of **exchange value**.
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Concrete labours vs. abstract labour

- Commodity exchange presupposes a **double abstraction**:
 - abstraction from **concrete labours**;
 - abstraction from the **use values** to which they give rise.
- In other words, **abstraction from everything that is qualitative.**
- What remains is labour “in general”: an **undifferentiated expenditure of human activity**, both physical and intellectual—**abstract labour.**

Concrete labours vs. abstract labour

- “Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; **all are reduced to one and the same sort of labour, human labour in the abstract.**

Let us now consider the residue of each of these products; it consists of the same unsubstantial reality in each, **a mere congelation of homogeneous human labour, of labour power expended without regard to the mode of its expenditure.** All that these things now tell us is, that human labour power has been expended in their production, that human labour is embodied in them. When looked at as crystals of this social substance, common to them all, they are – Values.”

(Capital, vol.1, 1.i)

Socially necessary labour time

- It is therefore possible to quantify and measure the value of commodities by reasoning on the basis of the abstract labour they “crystallise.”
- To do so, a **unit of measurement** is required: **simple labour**, defined as “the expenditure of the labour power which, on an average, apart from any special development, exists in the organism of every ordinary individual” (*Capital*, vol. I, 1.ii).
- **Complex labour** (skilled or qualified labour) “counts only as simple labour intensified, or rather, as multiplied simple labour, a given quantity of skilled being considered equal to a greater quantity of simple labour” (ibid.).
- Formally:
$$LC = \lambda LS^\alpha$$
, with λ and α strictly superior to 1

Socially necessary labour time

- Ultimately, according to Marx, the greater or lesser value of a commodity depends on the “**socially necessary labour time**” required to produce it under given social conditions.
- Indeed, the fact that several firms produce similar commodities does not imply that they are produced under identical conditions.
- To overcome this **heterogeneity**, one must reason in terms of an **average**.

Socially necessary labour time

- “The labour time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The introduction of powerlooms into England probably reduced by one-half the labour required to weave a given quantity of yarn into cloth. The hand-loom weavers, as a matter of fact, continued to require the same time as before; but for all that, the product of one hour of their labour represented after the change only half an hour’s social labour, and consequently fell to one-half its former value.” (*Capital*, vol.1, 1.i)

Socially necessary labour time

“The commodities whose individual value is below the market-value realise an extra surplus-value, or surplus-profit, while those, whose individual value exceeds the market-value, are unable to realise a portion of the surplus-value contained in them.” (*Capital*, vol.3, chap. 10).

⇒ obsolete production techniques eventually disappear in favour of more modern and more profitable ones.

⇒ firms using advanced techniques, which allow production at lower cost, temporarily realise exceptional profits (“extra surplus value”).

Commodity exchange vs. Exchange in general

- **Exchange in general:**
 - takes place on the basis of use values (**concrete labours** exchanged for concrete labours);
 - exists at all times and in all places;
 - takes the form of barter.
- **Commodity exchange:**
 - involves an abstraction from use values (and from concrete labours);
 - exchange takes place on the basis of **abstract labour** (socially necessary labour time);
 - is **specific to the capitalist mode of production**;
 - implies money.