

Capitalist Production and Social Form¹

The Paradox of the Value-Form Paradigm

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Abstract

This paper argues that the value-form paradigm both loses sight of the origin of value in the historically specific relations of capitalist production and that it reinstates the fetishism it seeks to oppose. Since it holds that the creation of value takes place *post festum* in exchange, it cannot be said that surplus-value is extracted from the laborer. And since it regards abstract labor as a substance constituted in exchange, it cannot retain Marx's theory of inversion. Thus, as an interpretation of *Capital*, the value-form paradigm produces logical inconsistencies in Marx's theory of value and should thus be rejected as implausible.

Introduction

In a lecture given in 1927, I. I. Rubin framed a controversial problematic surrounding what many perceive to be a fundamental discrepancy in Marx's theorization of abstract labor and value. According to Rubin (1978, 121), in Marx's theory "abstract labour must already

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exist in the process of production, and on the other hand Marx says in dozens of places that the process of exchange is the precondition for abstract labour.” Attempting to reconcile this apparent contradiction, Rubin (1978, 122) makes a distinction between “exchange as [the] social form of the reproduction process” and “exchange as a particular phase of this reproduction process, which alternates with the phase of direct production.” According to Rubin (1978, 125, 124), once this distinction is made, it is clear that although “value [is] created or ... ‘become[s]’ in the process of direct production,” its existence is nevertheless not truly actual, as the labor performed is “not ... abstract labour in the full sense of the word” until the exchange of commodities has taken place.

The influence of this conceptualization of abstract labor and value has been far-reaching. In the 1970s and 1980s, similar views became fairly common, exemplified in the works of Geoff Pilling (1972), Diane Elson (1979), Michael Eldred and Marnie Hanlon, (1981) and others. Today this trend of thought is represented by writers such as Geoffrey Kay (1999, Kay and Mott 2004), Christopher Arthur (2002), Michael Heinrich (2004), Patrick Murray (2000, 2005), and Geert Reuten (1993, 2005). While we do not wish to ascribe a theoretical homogeneity to these authors, it is fair to say that they generally agree with Rubin’s claim that labor performed within the process of production is “not yet abstract labour in the full sense of the word.”⁴ Aside from the second section of this paper, which criticizes specific arguments made in favor of a value-form interpretation of *Capital*, we have addressed our critique to the similarities existing among these theorists, and seldom to viewpoints which are specific to individual authors. It is for this reason that we have not addressed other familiar themes within what is commonly referred to as “value-form theory”,⁵ such as

4 cf. Kay (1999, 258): Value “arises in exchange rather than production.” Murray (2000, 102): “Goods and services prove themselves as commodities only by being sold. Concrete labour involved in commodities that are not sold ... fails to produce value.” Heinrich (2004, 4, emphasis in original): “Value is only *present* in exchange.”

5 Our opposition to “value-form theory” (sometimes referred to in what follows as the “value-form paradigm”) should not be construed as an opposition to Marx’s theory of the value-form. In our opinion, calling this tendency “value-form theory” gives the unfortunate impression that the “value-form” theorists have a monopoly on the theory of the value-form. We nevertheless refer to this paradigm as “value-form theory” because the term is in common use.

systematic dialectics and Hegelian methodology, which are frequently disputed among value-form theorists themselves.

In the following section, focusing mainly on exegetical interpretation, we analyze three texts written by value-form theorists that attempt to explain and analyze Marx's theory in *Capital*. Here we ask whether they accurately represent his theory. In order to investigate this question we follow the interpretive method outlined by Andrew Kliman (2007, Chap. 4), which is primarily based on the principle that an adequate interpretation of any text should be able to make sense of that text *as a whole*. For this purpose it is not sufficient to merely analyze isolated passages; it is instead necessary to make these passages cohere, if possible, with the work in its entirety. Accordingly, any interpretation which cannot make sense of a text, i.e. render it logically consistent, should be rejected as implausible unless it is found that there are no other possible alternative interpretations that can resolve the inconsistencies.

Finally, we attempt to illustrate some unrecognized implications of the value-form theory's treatment of abstract labor for Marx's theory of inversion, as well as some unrecognized implications of their conception of value for his theory of capitalist exploitation.

Value-Form Interpretations of Marx

Several theorists situated within the value-form paradigm have claimed that Marx's *Capital* shares elements in common with their theory, arguing that alongside a "substantialist-naturalist theory of value," one also finds a "monetary theory of value" corresponding to the theory of the value-form paradigm.⁶ Arguing in this vein, Geert Reuten (1993, 90) claims that Marx demonstrated a "lack of clarity as to the extent of the break with his predecessors," resulting in remnants of "naturalism" within his theory of value "despite [his] explicit rejection of classical naturalism." This argument accompanies an assertion that, although Marx's *Capital* exhibits traces of an embodied labor theory of value, Marx's references to the embodiment of abstract labor are merely metaphorical (Reuten 1993, 89, 99, 106).

⁶ Heinrich (2004, 2). Kay and Mott (2004) make a similar argument, although it is not clear whether they think that Marx was simply ambiguous or that he actually shared elements in common with both paradigms.

However, the sense in which embodied abstract labor is a “metaphor” in Reuten’s interpretation is not entirely clear. Reuten seems to be arguing that in Marx’s theory of value, abstract labor is not an actual substance. On the other hand, Reuten (1993, 99) admits that Marx gives this “metaphor” “a fairly concrete meaning” and that it “some-what take[s] over [Marx’s] presentation.” Reuten does not notice any interpretive issue here. However, this latter admission should be seen as evidence which contradicts his earlier claim that value as an embodied substance is a metaphor, for it would be logically inconsistent to hold abstract labor as *both* a mere metaphor and as having “concrete meaning.”

However, if Reuten would like to avoid this self-contradiction in his interpretation of *Capital* by maintaining that value is purely metaphorical in Marx’s theory, then this modified view would still fail as an interpretation. Marx argues in Part 2 of the third volume of *Capital* that *real* center-of-gravity prices (prices of production) and the *really existing* general rate of profit are derived from value magnitudes. If value as an embodied social substance is intended to be understood metaphorically, and not concretely, why would Marx have attempted to derive *real* prices from metaphorical magnitudes? An incoherent combination of metaphor and “concrete meaning” would reappear and, along with it, the self-contradiction in Reuten’s interpretation. If, on the other hand, Reuten would rather hold fast to the claim that embodied abstract labor is indeed given a “concrete meaning” in Marx’s theory, as he seems to conclude,⁷ then his earlier claim that Marx’s theory of embodied abstract labor is “metaphorical” would need to be dropped. However, if this claim were dropped it would make it difficult to see Marx as a precursor of the value-form paradigm, since Marx’s would have consistently treated abstract labor as the embodied substance of value. As it stands, Reuten did not abandon this claim, so his interpretation of Marx remains self-contradictory.

Reuten nevertheless did not view these major interpretive issues as sufficient reason to reinterpret Marx’s theory of value in such a way that the supposed contradictions were resolved. Reuten’s conclusion that Marx had a “lack of clarity as to the extent of the break with his predecessors” is based on a self-contradictory interpretation of Marx.

⁷ “In sum, I think we can safely say that Marx presents an abstract-labor *embodied* theory of value” (Reuten 1993, 99, emphasis in original).

Furthermore, his attribution of inconsistency to Marx's text, rather than to his own interpretation of Marx, is gratuitous, since he has not shown that Marx's theory cannot be reinterpreted in a logically coherent way.

In a later essay, Reuten (2005) rejects altogether the notion that in Marx's theory abstract labor is embodied in the individual commodity.⁸ Reuten concludes that, because Marx rarely uses the phrase "abstract labour" after the first chapter of *Capital*,⁹ abstract labor plays little if any role in Marx's system as a whole. Reuten (2005, 83 n11) even goes so far as to claim that the concept of abstract labor is "superseded" after the initial chapter and "should not be used anymore." Reuten (2005, 85) also argues that the equation of abstract labor-time with concrete labor-time is a mistake since, for Marx, the magnitude of abstract labor embodied within the commodity is in fact determined by "money in the market," where money acts as a measure of value, as opposed to the actual labor-time expended in the process of production. Furthermore, according to Reuten, abstract labor as an *immanent* measure of value is superseded in Marx's presentation by money, which begins to function as the *sole* measure of value. Approvingly citing Diane Elson (1979, 139), Reuten (2005, 81 n8) concurs that "Marx's examples ... are always couched in money terms, *never* in terms of hours." However, this is patently false, as Marx routinely uses *both* labor-time and money in his numerical examples.¹⁰ This supposed fact also ignores Marx's (1976a, 129, emphasis added) repeated insistence that the magnitude of value is "exclusively *determine[d]*" by "the labour-time socially necessary for its production"; for even if Marx *had* used only money as the measure of value in his examples—which, we repeat, he did not—it would remain the case that in Marx's theory the magnitude of value

⁸ "In previous work [his 1993 essay is cited along with two others] I suggested that whereas Marx made a fundamental 'break' from classical political economy there are (inevitably) classical/Ricardian remnants in his work A restudy of a number of German texts of *Capital* (together with insights from Hegel's work) makes me conclude that there are far fewer such remnants than I thought before" (Reuten 2005, 79 n3).

⁹ "It is most telling that after [Chapter 1] the term 'abstract labour' disappears, with four exceptions. In face of the Marxian discourse of the last twenty years this cannot be stressed enough" (Reuten 2005, pg. 83).

¹⁰ For some examples of such occurrences in Vol. 1 alone, cf. Marx (1976a, 276, 294, 314, 316, 324, and 331–332).

is *determined* by the labor-time socially necessary for the commodity's production and not by the amount of money against which it exchanges.¹¹

Related to Reuten's attempt to eradicate the distinction between *measurement* and *determination* of value in *Capital* is another claim that the measurement analogy used in *Capital* can falsely "give the impression of there being value entities independently of the 'money measure'" (Reuten 2005, 82). In the example that Reuten is presumably referring to, Marx (1976a, 148) compares the measurement of the value of a commodity by means of money with the measurement of the weight of a sugar-loaf by means of standardized iron weights on a scale. As we noted above, the magnitude of the value of a commodity is determined, in Reuten's interpretation of Marx, by the exchange of the commodity with money. If Reuten's interpretation were correct, then it would be clear that to compare the measurement of the value embodied in a commodity by money with the measurement of the weight of an object by iron would be to make a false analogy; in the first form of measurement, the money that measures the value of the commodity would simultaneously create that value, while, in the second form of measurement, the object measuring weight passively measures what is *already present* in the thing being measured, independently of the act of measurement. It is most unlikely, however, that Marx would have used the analogy of weight at all if he in fact believed that the magnitude of the value of a commodity is determined by the money against which it exchanges. The measurement of the weight of a sugar-loaf by standardized iron weights certainly does not function in this manner and, if the two forms of measurement are not analogous in this way, then it is difficult to identify any way in which they are—the analogy would not be an analogy but rather nonsense.¹² Once again, Reuten did not find these discrepancies to be suf-

¹¹ Consider Marx's (1976a, 147, emphasis added) example using coats and linen in Sect. 3 of the first chapter of *Capital*, where he says, in flat contradiction to Reuten's interpretation, that "the magnitude of the coat's value is determined, as ever, by the labour-time necessary for its production, *independently of its value-form*." That this comes in the section of the first chapter of *Capital* devoted to "The Value-Form, or Exchange-Value" (Marx 1976a, 138) should serve as a reminder that the "value-form" paradigm is by no means in agreement with Marx's own theory of the value-form.

¹² Marx does mention a distinction between the two forms of measurement, but it is not the one claimed by Geert Reuten. After speaking of the analogous role

ficient cause for reinterpretation; indeed, he does not seem to have noticed them at all.

Patrick Murray (2005) gives a value-form interpretation of *Capital* similar to that of Reuten's later essay (2005). Unlike Reuten (1993), Murray makes no allegations of internal inconsistency and does not claim that Marx exhibits remnants of a labor-embodied theory of value. Instead, Murray argues that in Marx's theory, value and price are not related to each other as respectively independent and dependent variables.¹³ As an interpretation of Marx's work, this argument finds little purchase; in Part 2 of the third volume of *Capital*, Marx (1981, Chap. 9, esp. p. 256) derives a set of production prices from a set of values using the given values and equalized rates of profit as his sole postulates. Indeed, Marx (1981, 266, first and last emphases added) argues that "change[s] in prices of production [are] *always* to be explained *prima facie* by an actual change in commodity values, i.e. by a change in the total sum of labour-time needed to produce the commodities." In other words, Marx treated the relation between value and price in precisely the way in which Murray (2005, 51) claims he did not—as a relation between independent and dependent variables, in which "value is the independent variable that explains the behavior of price, which is conceived to be the dependent variable." Unfortunately, Murray never explains how or why Marx performed this operation, apparently so incongruent with his theory. In the absence of any reconciliation of his interpretation with Marx's transformation procedure, it must be concluded that Murray's attempt

played by iron in the measurement of the weight of a sugar-loaf, and the equivalent form of value in the measurement of the value of a commodity, Marx (1976a, 149) says, "Here ... the analogy ceases. In the expression of the weight of the sugar-loaf, the iron represents a natural property common to both bodies, their weight; but in the expression of value of the linen the coat represents a supra-natural property: their value, which is something purely social." Marx's clear explanation of *this* dissimilarity makes it highly implausible that he would not have pointed to Reuten's supposed dissimilarity as well, had he actually thought that the two forms of measurement were dissimilar in the sense meant by Reuten.

¹³ Murray (2005, 51) claims that any attempt to theorize price in this way "presumes that human needs, wealth and labour can exist without determinate social form, whereas they cannot." We see no reason why explaining price by value strips labor of all determinate social form. If value is viewed as a historically specific social substance, as it is by the present authors, then there is no reason to believe that explaining price by reference to value strips labor of its specific social form. Murray asserts rather than demonstrates this claim.

to interpret Marx as a proponent of the value-form paradigm generates contradictions within Marx's theory of value and price formation. Murray's value-form interpretation of Marx thus fares no better than Reuten's.

A Critical Analysis of Value-Form Theory

Abstract and Concrete Labor

The crux of our argument against the value-form theory pivots on the theorization of abstract labor. According to Marx (1976a, 302), abstract labor and concrete labor are part of "*the same labour process*," and both belong to the "*real work*" performed.¹⁴ Nevertheless, value-form proponents consistently ignore the implications of this crucial aspect of Marx's value theory, as well as the implications of rejecting it. The recurrent dismissal of this facet of Marx's work is reflected in the difficulty frequently encountered by theorists who try to reconcile Marx's theorization of abstract labor as physiological human labor¹⁵ with his view that abstract labor as the substance of value belongs to a historically specific "social formation in which the process of production has mastery over man, instead of the opposite" (Marx 1976a, 174).¹⁶ This difficulty stems from disregarding the import of Marx's (1976a, 163) claim that the "metaphysical subtleties and theological

¹⁴ In "Results of the Immediate Process of Production," Marx (1976b, 991, emphases in original) writes that "the labour process is single and indivisible. The work is not done twice over All that is contributed [to the labour process] is the labour of spinning, and so on, and through this contribution more yarn is continually produced. This *real work* creates value only if it is performed at a normally defined rate of intensity (or in other words it only *pays* as long as it achieves this) and if this *real work* of given intensity and of given quantity as measured in terms of time actually materializes as a product." This passage has also been discussed by McGlone and Kliman (2004, 142).

¹⁵ "All labour is an expenditure of human labour-power, in the physiological sense, and it is in this quality of being equal, or abstract, human labour that it forms the value of commodities" (Marx 1976a, 137).

¹⁶ I. I. Rubin (1972, 135) viewed Marx's physiological definition of abstract labor as a "simplified" or "preliminary definition." Moishe Postone (1993, 145) considers Marx's description of abstract labor in the first chapter of *Capital* to be a description from the point of view of capitalism's *appearances*. Michael Heinrich (2004, 3) wonders if "this general attribute of labour [as physiologically human labour is] really the determinant of a social construction like abstract labour?"

niceties” surrounding the commodity do *not* arise from “the nature of the determinants of value.” The determinant of the substance of value, abstract labor, simply corresponds to the “physiological fact” that all useful labor is “essentially the expenditure of human brain, nerves, muscles and sense organs.”¹⁷ This “physiological fact” holds true in pre-capitalist just as much as in capitalist social formations. The fetishism attached to commodities clearly cannot arise from this transhistorical aspect of social labor as human exertion. Marx (1976a, 164–65) therefore contends that what gives abstract labor a historically specific character and real existence in capitalism is the fact that this common equality of all human labor is transformed into an “objective characteristic” of the commodities themselves, “as ... socio-natural properties of these things.” The “metaphysical subtleties and theological niceties” belonging to the commodity therefore do not arise from the nature of the determinants of value, but rather from the commodity “form itself” (Marx 1976a, 164).

When the labor expended in the production of an object becomes embodied in the object itself and expressed as one of its objective properties, i.e. as its value, concrete labor’s character of being human labor is transformed into an objective substance embodied in the commodity. In other words, concrete labor’s characteristic of being general human labor in the physiological sense becomes *the very form of labor’s sociality* in the capitalist mode of production. In the value-relation of commodities, the various forms of concrete labor are not socially related as distinct and functionally reciprocal concrete labors which are productive of distinct useful objects, but only as *human labor as such*.¹⁸ Here, the subject becomes the predicate of *its*

¹⁷ Marx (1976d, 221, emphases altered) insisted on the transhistorical equality of all concrete human labor *qua* human labor again at the end of his life, in his *Marginal Notes on Wagner*: “the ‘value’ of the commodity merely expresses in a historically developed form something *which also exists in all other historical forms of society*, albeit in a different form, namely the social character of labour, insofar as it exists as expenditure of ‘social’ labour power ... ‘the value’ of the commodity is *merely a particular historical form of something which exists in all forms of society.*”

¹⁸ Marx (1976c, 32, emphasis added) made this same point in the first edition of the first chapter of *Capital*: “*In each social form of labour*, the labours of the different individuals are related to one another as human labours too, but in *this case this relating itself counts as the specifically social form of the labours.*” Again, the specificity of the capitalist mode of production is seen not in the existence of abstract human labor but in the transformation of this predicate of real human labor into the only form of labor’s social existence.

predicate—the definite, concrete forms of labor which alone possess the characteristic of being *human* labor, and are thus the true subject (human labor having existence only as what is common to the many distinct kinds of labor), become the form of appearance of undifferentiated human labor. This abstract human labor appears now as the real subject, possessing the attribute of having various modes of materialization (tailoring, weaving, etc.). To wit, the definite concrete forms of human labor become mere *bearers* of human labor in general.¹⁹ When Marx (1976a, 164, 165) states that the “enigmatic character” of the commodity arises from the “form [of the commodity] itself,” he is saying that the inversion of subject and predicate in capitalist society, in which social labor becomes independent of the laborers and acquires a separate and autonomous existence in the products of that labor, is a fetish which is “inseparable from the production of commodities.”

Of course, many value-form theorists would agree that we live in a world turned on its head. What needs to be investigated, however, are the conditions for making such a claim about an inverted society. In other words, can a theory which conceives of abstract labor as a substance constituted in exchange retain the theory of the inversion found in *Capital*?

We maintain that it impossible for the value-form theory to reconcile its notion of the relation between abstract and concrete labor with Marx’s (1976a, 165) theory of the inversion of subject and object occurring “in the world of commodities with the products of men’s hands.” If abstract labor is treated as anything other than one characteristic of concrete labor, it is nonsensical to speak of an *inversion* of subject and object and therefore also impossible to uphold Marx’s account of the peculiarity of the capitalist mode of production. In the value-form theory, abstract labor cannot be a characteristic of concrete labor but must be a substance disconnected from

¹⁹ Marx (1978, 139–140) emphasizes this in the appendix to the first chapter of the first edition of *Capital*: “Within the value-relation and the value expression included in it, the abstractly general counts not as a property of the concrete, sensibly real; but on the contrary the sensibly-concrete counts as the mere form of appearance or definite form of realisation of the abstractly general This quid pro quo is unavoidable because the labour represented in the product of labour only goes to create value insofar as it is undifferentiated human labour, so that the labour objectified in the value of the product is in no way distinguished from the labour objectified in the value of a different product.” The same point is made in the fourth edition of *Capital*: “Concrete labour becomes the form of manifestation of its opposite,” abstract human labor (Marx 1976a, 150).

it, existing only in exchange—precisely where concrete labor has *ceased* to exist. It would therefore be absurd to speak of value as a substance produced by the laboring human subject, since it would not be *produced* at all. This means that value is not the object of human labor in the value-form theory; it thus becomes meaningless for value-form theorists to speak of an *inversion* of subject and object in the process of production, since in their own theory there is no object which can invert its own position into that of subject. The domination of capital over labor would not be the domination of alienated labor over itself but the dominion of an external subject. The attempt to bring the theory of fetishism into the center of the theory of value therefore loses all sense.

In a roundabout way, the value-form theory thus reinstates the fetishism that Marx sought to overthrow in his critique of political economy. In the hands of the value-form theorist, value is transformed from a predicate of real human activity into a mystical substance of unknown provenance. At most, value can be treated as a purely symbolic convention discursively posited by humans in the process of exchange.²⁰ As a consequence, value's origin in human social relations of production is lost.

Therefore, if Marx's treatment of abstract labor as one aspect of "real work" is rejected, the theory of inversion must be rejected as well. This fact was recognized by Lucio Colletti, who emphasized the inseparability of Marx's theories of fetishism and value. A theorist named Vianello wanted to retain Marx's theory of fetishism while abandoning the quantitative aspects of his theory of value (Colletti 1998, 77–81). Colletti (1998, 79) criticized this, arguing that such a separation is impossible precisely because labor as the substance of value (both in the quantitative and qualitative sense) is *itself* the fetish attached to the commodity:

For Marx, 'abstract' labor signifies two things that are one. On the one hand, it signifies labor that *becomes separated* from the worker and is thereby objectified as the substance of the value of commodities ('value' of 'things'). On the other hand, it signifies a product that

²⁰ Marx's (1976a, 186) criticism of a similar view in the second chapter of *Capital* could also be applied to the value-form theory: "If it is declared that the social characteristics assumed by material objects, or the material characteristics assumed by the social determinations of labour on the basis of a definite mode of production, are mere symbols, then it is also declared, at the same time, that they are the arbitrary product of human reflection."

commands the producer, a value that ties the worker to itself: a fetishistic inversion. The two operations are effected in a single stroke ... the separation (or abstraction) of labor from the laborer is at the same time an inversion of the relation between the two. Wanting 'abstract labor' without labor as 'the substance of value,' or wanting the theory of fetishism without the theory of exchange on the basis of embodied labor, is like wanting concavity without convexity.

Colletti's criticism applies equally to the value-form paradigm. In order to retain Marx's claim that capitalism's historical specificity lies in an inversion of subject and object within the labor process, we must view the time during which abstract and concrete labor are performed as *the same time*. If we instead treat the time during which concrete and abstract labor are performed as two distinct durations, or if we view the abstraction of labor as a process occurring only by means of the act of exchange (which amounts to the same thing), then we fall victim to the problem noted above, namely that abstract labor and concrete labor would not exist as two aspects of the same labor. Therefore, to retain Marx's theory of inversion we must say that the difference between abstract and concrete labor consists, not in a difference between the lengths of time during which they are performed, nor in the supposed imperceptibility of abstract labor, but rather in the fact that when concrete labor is treated as *abstract* labor, it is treated as "human labour-power expended *without regard to the form of its expenditure*" (Marx 1976a, 128, emphasis added).

This abstraction from the specificity and determinate character of concrete human labor is precisely the "reductive abstraction" opposed by Geert Reuten (1993, 97).²¹ To make such an abstraction we take real, concrete human labor and *remove* all of its determinate qualities, leaving only the pure expenditure of undifferentiated human labor-power. This implies that abstract labor is one aspect of concrete labor, performed only when concrete labor is also performed; or, in

²¹ Speaking of the "reductive abstraction" (i.e. Marx's concept of abstract labor presented early in *Capital*), Reuten (1993, 97) says that "at this point [in Marx's presentation] there is no reference to the market—thus no reference to a real abstraction or an abstraction in practice." But if abstract labor is seen both as a (socially) real substance and as existing prior to the market, then there is no need to refer to the market in order to treat it as "a real abstraction or abstraction in practice." To claim that a reference to the market is necessary to treat abstract labor as a real abstraction is to presuppose that abstract labor gains real existence only in the market, which Reuten is supposed to have demonstrated.

other words, that abstract labor is a part of the *real labor process*. It therefore follows, contra Reuten (2005, 87), that we are able to add together one hour of one form of concrete labor (tailoring, for example) and one hour of another form of concrete labor (such as weaving) to arrive at two hours of labor performed; when we do this, however, we abstract from the differences between the two concrete labors, and thereby reduce the two *different* types of labor to their commonality as physiologically human labor *in general*, i.e. human labor in the abstract. Indeed, it is the same as if we were to add together two cats and three dogs to say that we had five “animals.” “Animal” here is nothing other than an abstraction from the differences between particular species of animals. There is nothing peculiar about this abstraction—we never imagine that a universal “animal” exists independently of the various species. In the case of the abstract human labor embodied in the commodity-form, however, the contrary is true: *the abstraction itself* gains objective and independent existence within the commodity, as if abstract human labor were a *particular* form of labor *alongside* the various forms of concrete labor.

It is only on the basis of this inseparability of abstract and concrete labor that Marx (1981, 953) is able to overthrow the Trinity Formula of vulgar economics, which views capital, land, and labor as three distinct sources of wealth in capitalist society. By showing that all wealth in capitalist society takes the form of value, and that abstract human labor is its substance, Marx demonstrates that land, capital, and labor do not constitute distinct sources of wealth, but rather that the revenue which falls to these seemingly independent sources is in fact derived from value and therefore from the labor performed by the working class.²² The sums of value which fall to the capitalist, landlord, and worker are therefore all the product of real human activity. *Labor is the producer of its antithesis: capital*. At the same time, capital is self-producing insofar as it is variable capital and takes the form of human labor; from this perspective, human labor is an attribute of capital itself. In this way, capital appears as an “automatic subject” (Marx 1981, 255). The worker is *in reality*

²² The ownership of the capital, land, and labor(-power) attract the value accruing to them (profit, ground-rent, and wages) “without creating the substance itself that is transformed into these various categories. The distribution rather presupposes this substance as already present, i.e. the total value of the annual product, which is nothing more than objectified social labour” (Marx 1981, 961). *Nota bene*: the *distribution* of value “presupposes this substance as *already present*.”

compelled to serve capital on the threat of starvation. However, this inversion of subject and object within the capitalist mode of production is not a one-time event in which capital is transformed from the product of labor into a self-generating entity; on the contrary, even in its existence as “automatic subject,” capital requires the working class to continuously produce it. As Lucio Colletti (1972, 235) eloquently wrote:

Capital is produced by labor: the one the origin, the other the outcome. And yet not only in the accounting of the enterprise, but in the real mechanism, the working class appears only as “variable capital” and as the wages fund. The “whole” has become the “part” and the part the whole. Such is the reality “on its head” ... the reality which Marx not only rejects as a criterion and yardstick, but which he wants to overthrow and invert.

It is only by dropping the value-form paradigm’s understanding of the relation between concrete and abstract labor that we have been able to uphold this theory of inversion.

Exploitation and Its Social Form

While we agree with many value-form theorists that a fundamental aspect of Marx’s critique of political economy is a critique of the social form of labor in capitalism, it is nevertheless the case that, in *Capital*, Marx attempted to show that the working class is an exploited class and that surplus-value is derived entirely from the surplus labor performed under the command of capital.²³ Given Marx’s (1976a, 302) two claims that the valorization process, in which surplus labor is performed and surplus-value is created, “is entirely confined to the sphere of production,” and that profit is exclusively derived from surplus-value,²⁴ it follows that the magnitude of profit is determined by the amount of surplus labor performed by workers. The connection between surplus labor performed and profit appropriated by capital is clear, thus demonstrating the historical specificity of exploitation under capitalism.

²³ This is the topic of Chap. 7 of *Capital*, Vol. 1 (Marx 1976a). The methods by which this exploitation is intensified are the subject-matter of Parts 3–5 of the same volume.

²⁴ See Marx’s (1981, Chap. 9) transformation of values into prices of production.

An absolute prerequisite of this theory of the relation between surplus labor and profit is a theory of price determination, since profit is nothing other than price minus cost-price.²⁵ In *Capital*, this is provided by Marx's theory of surplus-value and its distribution between capitals of unequal organic compositions, which leads to the formation of prices of production around which market prices fluctuate.²⁶ However, if it is argued that value is constituted in exchange, Marx's treatment of price formation must collapse. In this case, it would not be the amount of living labor which regulated the price level, but rather the amount of money for which a commodity exchanges. But since this amount of money is itself determined by price, this is nothing more than to say that price determines itself. In other words, there is no explanation of price in the value-form theory. With price left indeterminate, the amount of profit appropriated by capital would therefore be entirely arbitrary, and we arrive at the problem of trying to determine "why ... the general rate of profit [is] now 10 per cent or 20 per cent or 100 per cent" (Marx 1981, 1005). "Exchange" is left trying to perform a theoretical function which it cannot possibly fulfill, and the connection between surplus labor and profit is severed.

Nevertheless, certain value-form theorists have embraced the dissolution of the entirety of Marx's quantitative theory in their work. For instance, Eldred and Hanlon proclaim as a *positive* aspect of the value-form theory what we would consider to be an enormous deficiency. In a 1981 article, Eldred and Hanlon (1981, 25–26) are explicit that their argument parts sharply from that of Marx, precisely because of their denial of the possibility of measuring value independently of money:

Marx treats commodities as endowed with a magnitude of value measurable in terms of duration (and intensity) and, therefore, measurable independently of money. We object that, on the contrary,

²⁵ Responding to those who dismiss the relevance of price theory to Marx's work, Andrew Kliman (2007, 139–140) notes that, although Marx "was not very interested in this issue *per se*, ... price determination is inseparable from other matters that were certainly of great concern to him. For instance, [Marx] wished to explain where profit comes from and what determines its magnitude. But since price is cost plus profit, and profit is price minus cost, the theory of price determination is essentially the same as the theory of profit determination."

²⁶ Cf. Marx (1981, Chaps. 9–10).

the labour content of commodities deserves the name of value of a certain magnitude only insofar as it proves itself to be such through being sold. Only then (that is, *post facto*) can we properly speak of the labour performed in the immediate process of production as value-creating labour.

Their main purpose in this passage is clearly not to interpret Marx but to develop a distinct theory of value. In a reply to David Gleicher's critique of this article, in which Gleicher (1983, 105, emphasis in original) notes that Eldred and Hanlon's new theory of value "has no power to *explain* the determination of prices by values," Eldred (1984, 137, emphases in original) celebrates just this aspect of the value-form theory: "this is the *point* of a form-analytic theory of value: to *establish* that value only gains its material form of existence in money and *thereby* to *criticize all ...* theories of value which maintain *dogmatically* that there is an essence behind the value-form money, which quantitatively and causally determines prices."

In other words, Eldred forthrightly acknowledges that there is no sense in which the living labor expended in production determines the level of prices. The direction of determination runs from price to value.²⁷

This notion of value creation (and therefore of surplus-value creation, which is but a particular species of value creation) has an implication for the theory of exploitation in capitalism which has not been previously acknowledged. If the magnitudes of value and surplus-value created are determined *post festum* by the sale of the commodities produced, then, as we have argued above (and as was admitted by Gleicher and Eldred), value is not produced during the production process but bestowed on the commodity in the process of exchange. Given this *post festum* determination of the magnitude of surplus-value, it makes no sense to speak of the exploitation of *labor* in the sense given by Marx (1976a, 376–77), in which the rate of exploitation is already determinate within the production process, given by the ratio of surplus-value produced to variable capital advanced. In the value-form theory, on the contrary, the production of surplus-value cannot occur within the process of production because labor is not yet actually abstract and value has only potential existence.

²⁷ Cf. Geoffrey Kay (1999, 262): "The general case is one in which the prices of commodities determine their values."

If labor itself does not create value, Marx's theory of exploitation cannot be maintained. It is only because of Marx's theory that labor produces *both* the commodity's material body *and* its value that he is able to give a historically specific account of exploitation in the capitalist mode of production. If labor did not produce the value of commodities, the exploitation of labor in capitalism would be based on the mere production of use-values, just as it is in every previous mode of production. If we decide to sacrifice the quantitative side of Marx's theory of value, we must also sacrifice any historically specific theory of exploitation; thus, any attempt to retain a theory of exploitation must take us on to the terrain of G. A. Cohen's (1981, 218, emphases in original) "The Labour Theory of Value and the Concept of Exploitation," in which it is famously argued that, although workers "do not create *value*[,] ... they create *what has value*," i.e. "they create the product" or the material body of the commodity. Labor produces *only* use-values and only *exchange* creates value. Exploitation in capitalism is basically the same as that which occurred in every previous social formation. The production of surplus-value is thereby transformed from the historically specific alienation of human labor in the process of production into the appropriation by the capitalist of *use-values* that happen to possess value.

If this were the case, it would make just as much sense to speak of the exploitation of nature or the means of production as of the exploitation of the laborer, since nature and the means of production also contribute to the production of the material body of the commodity. In addition, such a theory would apply equally well to a pre-capitalist social formation, since it says nothing about labor creating *value*. Labor loses its determinate social form. We can see here how the emphasis on social form is entirely lost by means of the value-form theory's emphasis on exchange as *the* historically specific characteristic of the capitalist mode of production.

It is true that Cohen's theory has been criticized by Chris Arthur (2002, 49), a prominent value-form theorist, who calls conceptions like Cohen's "ahistorical account[s] of exploitation." It is also the case that, in his own account of surplus-value and exploitation, Arthur (2002, 55) insists that his "position is quite different from that of the orthodox tradition, which sees labour creating something *positive* ... then expropriated." However, this claim is nullified by his earlier statement that "value is constituted in exchange" (Arthur 2002, 13). Arthur's own theory takes value's existence away from the realm of

the labor process and into the sphere of circulation.²⁸ The “socially necessary exploitation time” that Arthur (2002, 55) sees as the determinant of the magnitude of value does not in fact determine anything, but is rather itself determined by whatever price the capitalist happens to fetch on the market. It becomes impossible to say that the real labor of the working class is exploited in any direct sense. If Arthur would like to retain a theory of exploitation, he must say that exploitation occurs because the working class produces *use-values* that are appropriated by capital. Value-form theory consequently loses all relation to the very critique it attempts to reconstruct, namely Marx’s critique of the form of labor under capitalism.

Conclusion

We have argued that, as an interpretation of *Capital*, the value-form paradigm produces logical inconsistencies in Marx’s theory of value and should thus be rejected as implausible. We have also argued that a theory which views abstract labor as a substance constituted in exchange cannot retain the theory of the inversion found in Marx. Furthermore, we have demonstrated that if value is created *post festum* in exchange, surplus-value is as well; therefore, it cannot be said that surplus-value is extracted from the laborer. The value-form paradigm must accordingly modify its theories of inversion and exploitation.

In sum, the value-form paradigm both loses sight of value’s origin in capitalism’s historically specific relations of production and reinstates the very fetishism it desperately seeks to oppose.

²⁸ It could be objected here that Arthur (2002, 13) admits that value is already “precommensurated” in the production process and assigned an “ideal value.” “[I]f exchange is taken narrowly, in opposition to production, [value] may be posited as prior to it” (Arthur 2002, 13). But Arthur (2002, 13) says on the same page that this “precommensurated” and “ideal value” must “be tested against actuality in exchange and competition.” Arthur is thus counterpoising a *non-existent* and *anticipated* value to real value, which exists only in “exchange and competition.” Our criticism therefore stands. In Arthur’s theory, the *real* value and surplus-value appropriated by capital do not exist in production but in exchange. It goes without saying that, if real value does not exist within the production process, then no real surplus-value is extracted from the worker in this process. A similar point is made in Kliman’s contribution to this symposium.

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