

Commodity and value in Marx's 'Capital' Vol 1

Capital

Marx's capital is a multidimensional text – First volume was published in 1867; other two published after Marx's death

Draws from a vast experiential world conceptualized in many languages and hard core analysis of data for two decades.

Marx's aim – how capitalism works – 'to find the law of motion of modern society.'

He took England as the case like the physicist studying phenomena where they appear in typical form

Marx's method

Marx enquiry always begins with the given, material and visible and

Not from abstract principles or assumptions like other classical economists

The proliferation of things, produced by human hands – world

Should the analysis of capitalism begin with capital, money, stocks? Economists start with them as though money and capital are self evident.

Marx argued that labor is the basis of material wealth and gives rise to value. Money, capital rent, stocks are but different forms of 'congealed' labor

Strangely – this truth is hidden

Where does 'profit' in industrial production come from?

Factors of production – Land, labor & capital

Cost of Land, cost of raw material, technology, wage labor, entrepreneur's salary

How does the capitalist take out more than he invested? Can money multiply on its own?

Where does the surplus come from?

Labor is the source of surplus value – living force of nature

The wealth of capitalist societies presents itself as the immense accumulation of commodities: single commodity is our basic unit

What is a commodity:

i) a thing outside us

ii) satisfies human wants through its physical properties

iii) Dual nature – quantity and quality

Quality of a thing is useful to us satisfied wants/needs – use value or utility

Dual character

Use value – utility

Material plus labor produces use values

Limited by the physical properties – unique to the thing

Has no existence apart from these properties

Use value become reality only when consumed- only realized in use

Use values constitute the material wealth of society

Exchange value

Diversity of measures and units for commodities based on their different nature and social conventions

But things are not just used but also exchanged

Same properties cannot be exchanged (coat for a coat?)

How do commodities with diverse properties get exchanged?

If different objects can be exchanged in the market their exchange value is not unique to the object as a use value

Where does this commensurability of different objects come from?

Something contained in it but not distinguishable in physical appearance

The common element cannot be a geometrical, physical or chemical property

Cannot be found out by dissection

The process of exchange introduces abstract quality other than the use value which is unique to the commodity

As commodities exchange hands and circulate – it expresses not its own qualities but something common to all commodities

An universal, third property

Labor

If we disregard the use value of a commodity - only one common property left – they are products of human labor

“There is nothing left in them – but ‘phantom-like’ objectivity; they are merely congealed forms of homogenous human labor’

Human labor - the common base for all the seemingly incommensurable things produced in the world

Labor is the creator of use values is a condition of human existence independent of all forms of society

Eternal natural necessity – mediates the metabolism between man and nature (Engels’s ‘The part played by labor in the transition from ape to man’)

Exchange value or value

Irrespective of physical properties

Value form

Common factor in all things produced by human effort

Use value is the form, exchange value is the essence or life (forms may vary but not essence)

Realized only exchange

Use value measured in dozens, kilos depending on the physical properties of the commodity

Exchange value measured in terms of magnitude of labor

How to measure labor?

Concrete Labor

Different kinds of labor depending on skills – carpentry, welding, tailoring, machine parts making, handicraft, embroidery, sculpture

Time, energy and skill expended is different

These different varieties of labor constitute the social division of labor in a society

If we leave the specific quality of productive activity, all effort can be seen as expenditure of human labor-power

Abstract labor

Labor many kinds and intensity but while estimating value it is reduced to simple labor as unit of measurement – exertion of the body, muscles

The average human effort required for producing a thing is **socially determined in a society** and does not change frequently.

It is the **abstract labor** – an average amount of skill and time for completing a given task

Exchange Value - socially necessary labor time

As exchange values all commodities are merely congealed amounts of labor-time

Value of a commodity – constant if labor-time remains constant – more labor time leads to more value (eg., diamonds)

If productivity of labor is increased (produce more in the same time) value falls.

Value of a commodity increases directly with labor time (quantity of labor) and inversely with productivity (intensity of labor)

The process of labor

Labor is the substance or essence of value of a commodity

Commodities, money, capital and rent are nothing but congealed forms of labor of previous cycles of production

Things, product and commodity

Nothing can be a value without being an object of utility – if no use - labor contained does not count as labor

A **thing** can be useful without being a value, eg., fresh air, water, meadows

A thing can be useful and a **product** of human labor and not be a commodity. Eg., vegetables produced for self consumption, production by serf for the Lord

Marx's definition of commodity

Producing use values only for others – for sale -

A product becomes a commodity only

- if it is produced exclusively for exchange or sale by
- mutually independent acts of labor performed in isolation- laborer sells his labor power
- Not part of primordial or communal ties of production or in patron client relation
- Capitalism is a full fledged system of commodity production

Marx regarded earlier forms of commodity production as petty commodity production which can exist in pre-capitalist forms of society - Merchant capital or commercial capitalism

Things (production)

Products (Exchange and division of labor)

Commodities (Circulation)

System of commodity production (Industrial capitalism)

Two fold nature of labor

- **Concrete** labor –heterogenous forms of effort – Productive activity with a definite aim -tailoring and weaving
- The variety of things produced in a society reflects forms of useful labor and skill- constitute the material wealth of that society
- labor interacts with natural material to produce use values – sensory & observable
- The exchange value of commodities is not based on any natural matter but the identical social substance – **abstract** human labor – that went into its production
- As value is realised in exchange and is estimated by socially necessary labor-time, value is purely social
- labor and work distinction?

Relative and equivalent form of value

Expressing value of one thing in relation to another

20 yards of linen =1 coat

We are estimating labor-time common to them

But identical objects cannot be exchanged – coat with coat -different use values only can be exchanged

We calculate value of incommensurable objects by a common denominator

Aristotle said that though we can say 5 beds + 1 house, we have no common way of measuring them -

Living in slave society Aristotle failed to see labor is the common factor

Capitalism= industrial capitalism

- When different kinds of concrete labor get organized under a system of commodity production
- Production only for exchange – mass industrial production
- Organized under factory system under one roof –(not household production)
- laborer free to sell his labor power – does not own any other property - proletariat
- Isolated laborers selling their labor power for wages
- Different kinds of work but labor-time is the basis of value
- Skilled and trained people more wages because of more time was spent on acquiring those skills

Money form

Value is created not by intrinsic nature of the things or by demand for a thing or by advertisements, marketing, but by productive human labor

Money is a commodity used as a standard; any commodity could serve as universal equivalent -money

Precious metals were used as money for certain reasons

Fetishism of commodities

Fetish – magical powers or enigmatic character

When a product becomes a commodity it acquires an enigmatic character – people only see its visible characteristics and attribute its value to its properties – physical perception

But it is a product of labor – the labor is not visible in the given object

It seems that the commodity's socio-natural properties are its own -

The relation between things actually reflects the social relation between producers and labor

But economists seem to talk as though the commodities came on their own to the market to enter into relations between themselves and the human race!

Objects of utility are as much social products of human effort as language

The empirical and analytical

These capitalist economic contradictions operate "behind the backs" of the capitalists and the workers as a result of their activities and yet remain beyond their immediate [perceptions](#) as men and women and as [social classes](#).^[5]

System of commodity production-capitalism

In the act of production it seems that people are relating to materials and things have social relations in the market

Due to customary practices values come to be established between one ton of iron and 2 ounces of gold – people do not realise

Only while initiating the act of exchange is the estimation of uniform labor contained in them comes into view.

In the act of exchange do men realise the different kinds of labor as human labor.

The social act of exchange creates value it is not that things are valuable so they are exchanged

Capitalism creates chains of surplus value; every commodity is objectified human labor of previous time

Money as a commodity

Gold as money commodity – universal expression of value

All commodities as objectified human labor can be expressions of universal value

Gold convenient social measure of labor time

The price is the money name of the labor embodied in the commodities

It is notional or ideal and different from the real form of commodities

The value of 1 ton of iron expressed as equal to 2 ounces of gold

No real connection between iron and gold – it is a social convention or an imagined relation

Like the name of the person and the person

Commodification

Price of a commodity will not be the same as the magnitude of the labor contained in it because it is imaginary or arbitrarily fixed.

2 Rs worth wheat may be sold for 1 or 4 rs. Price can be fixed even for something that is not a commodity in the first place

Thus conscience, honor, beauty and intelligence can be offered for sale by fixing a price

Circulation of commodities

Weaver sells 20 yards of linen at 2 shillings and buys a bible from 2 shillings

C-M-C Two transactions a sale (C-M) and purchase (M-C) for the weaver

Weaver's sale is a purchase for the farmer who paid 2 shillings (M-C). The farmer already sold his wheat for 2 shillings (C-M)

This is the **metamorphoses** of commodities where linen changes into 2 shillings (commodity form to money form) and then to bible- there numerous such circulations where commodities are exchanged through the medium of money

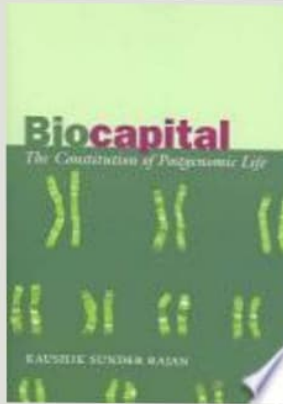
So every sale is a purchase and the circulation of commodities – tracing the circuit of commodities

Machines in the production of commodities

Machinery in factories – how do they impact labour power?

Tool versus Machine

Charkha



Wage-labor is the basic "cell-form" (trade unit) of a capitalist society. Moreover, because commerce as a human activity implied no morality beyond that required to buy and sell goods and services, the growth of the market system made discrete entities of the economic, the moral, and the legal spheres of human activity in society; hence, subjective moral value is separate from objective economic value. Subsequently, political economy (the just distribution of wealth) and "political arithmetic" (about taxes) were reorganized into three discrete fields of human activity, namely economics, law and ethics—politics and economics were divorced.

[Source: Das Kapital - Wikipedia](#)

Hannah Arendt critique

Labor is different from work – Marx regarded everything as labor

Labor is directed towards biologically necessary needs – it is cyclical and repetitive

Creates nothing of permanence

Work has a clearly defined beginning and end.

Creates durable products or master pieces that outlive the life of humans

Work creates the world around us – means to end

Humans -Homo faber that is humans as fabricators

Appadurai

Marx treatment of commodity – ambiguous and his association of commodity production only with industrial capitalism is unilinear, evolutionary and is not borne out by history

Products to commodities – not mutually exclusive

Things can have many lives and avatars

Earlier Marx wrote – when man produces use values for others, that is social use values – it is commodity. To become a commodity a product should be transferred to another by means of exchange

This understanding is historically more broad

Later Marx became fixated on the definition of commodity as something produced in the factory system by proletariat

J.P.S. Uberoi

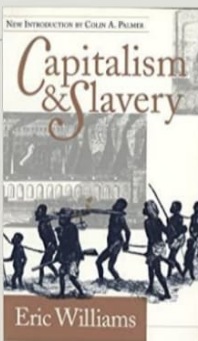
How do we understand the weapons of mass destruction?

Are they products or commodities?

The role of capital is reduced in informal sector based on household labor, yet it constitutes a significant part of the GDP

Marxism of labor or, property?

Is there an outside of capital? (Sanyal and Bhattacharya)



English capitalism grew not from proletarian labor but through the labor of black slaves and white prisoners

Dialectical materialism

Dialectics – 2 axioms

Thinking and interpreting the world of both nature and society

Everything is in a constant flux – process – note metaphors – labor process, circulation of commodities