The Key to Marx's Value Theory

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The first volume of *Les "Sentiers Escarpes" de Karl Marx*, by Paul-Dominique Dognin, Editions du Cerf (vol I 47F; vol II 35F) contains the German text of the original (first edition) version of Chapter I of *Capital* and of its appendix, as well as French translations of them, together with the fourth edition version (in French translation only). Dognin's own critical commentary on these texts makes up the second volume of his book.

The first edition version of Chapter I differs considerably from the fourth, and from the standard French and English translations.[1] The differences relate especially to the presentation of the distinction between "value" and "exchange-value". Dognin argues that these changes are symptomatic of fundamental difficulties in Marx's theory of value, difficulties which he analyses at length in his commentary. Although there is little that is original in Dognin's criticisms–they will be familiar to anyone acquainted with Bohm-Bawerk's critique [2]–I think he is right to highlight the importance of the value/exchange-value distinction. In my view, however, Marx's distinction is symptomatic, not of contradictions *within* his theory of value, but of contradictions *between* that theory and that of classical economics: by means of this distinction, Marx makes a definite break with classical economics and inaugurates a new science of his own. Seen in this light, the value/exchange-value distinction is the key to Marx's value theory as a whole, and hence is much more important than the use-value/exchange-value distinction to which so much attention is usually given. It is, indeed, Dognin's failure to grasp the nature of the value/exchange-value distinction which vitiates his critique of Marx, a critique which is, however, quite standard in the neoclassical tradition. Let us, then, look at the distinction itself in some detail.

Marx starts Chapter I with the observation that "the wealth of societies in which the capitalist mode of production prevails

1 An English translation of the first edition version of Chapter I and of its appendix, together with other texts, is now available: *Value: Studies by Karl Marx*, New Park Publications. £1.75. Translated and edited by A. Dragstedt.

2 In *Karl Marx and the Close of his System.*

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appears as an 'immense collection of commodities'; the individual commodity as its elementary form" (*Capital* vol I, Pelican edition p 125).[3] With this, however, Marx's analysis has not yet started; so far he has said only that the commodity is the elementary form in which capitalist wealth appears and that, therefore, the analysis of capitalism must start with an analysis of that form.[4] But the analysis itself only begins with the introduction of the distinction between use-value and exchange-value, which Marx immediately proceeds to enunciate.

Two things about the use-value/exchange-value distinction may be noted straight away. The first is that it was traditional in classical economics, and therefore Marx takes it more or less for granted. And the second thing: if the use-value/exchange-value distinction is not in itself original to Marx, what is original is the content he gives to the concept of exchange-value itself. This originality is at first expressed by one little word: Marx says that this distinction pertains to the form in which capitalist wealth "appears". It "appears" in a specific form, that of exchange-value, and Marx adds that exchange-value itself "appears" at first as "the quantitative relation, the proportion, in which use-values of one kind exchange for use-values of another kind" (ibid. p 126).

So capitalist wealth "appears" in the form of exchange-value, which itself "appears" as a quantitative relation between use-values. Now, it was precisely this quantitative relation which, in classical economics, had been conceptualised as "exchangeable value". But, for Marx, before any quantitative analysis can begin, it is necessary to analyse the form in which wealth "appears" as a quantitative relation in the first place. And this analysis is original to Marx, for he shows in the course of it that capitalist wealth is something more than and something different from a quantitative relation.

If exchange-value is not merely a quantitative relation, that is because, as Marx points out, it is also an historically specific social form of wealth. Use-values, he says, "constitute the material content of wealth, whatever its social form may be. In the form of society to be considered here they are also the material bearers

3 The difference between the first edition and later versions seem to me to be presentational rather than a matter of substance. In some respects, ideed, the first edition version is clearer than the later ones. But in this review I have used only the new English translation of the standard later text by Ben Fowkes (Pelican 1976).

4 I mention this because Martin Nicolaus, in his *Foreword* to the Pelican edition of the *Grundrisse*, argues that in *Capital* Marx abandoned his earlier view (in the 1857 *Introduction*) on the need for an abstract starting point in economics. In *Capital*, Nicolaus argues, Marx starts with something quite concrete: the commodity. But on the contrary, Marx's analysis does not start with "the commodity" at all: the commodity is the first form to be analysed, not a concept by means of which the analysis is carried out.

of ... exchange-value" (ibid. p 126). In other words, Marx's concept of exchange-value is the concept of an historically specific social form—the effect of definite relations of production upon the products of labour. The way in which he constructs the concept of exchange-value is intended to conceptualise economic relations according to their social form.

What Marx does, in effect, is to take up the classical concept of exchangeable value and subject it to a conceptual transformation by means of which he produces a new concept: his own concept of exchange-value. The means whereby this transformation is effected is, however, precisely his distinction between value and exchange-value.

To see the point and the effect of this transformation let us look briefly at the classical concept of exchangeable value. Ricardo identifies exchangeable value with the proportions in which commodities exchange: "the value of any commodity, *or the quantity of any other commodity with which it will exchange,* depends on the relative quantity of labour necessary for its production ..." (*Principles,* Pelican edition p 55; emphasis added). Here Ricardo is trying to do two things at once: (i) to reduce exchangeable value to labour, and (ii) to treat exchangeable value itself as a set of quantitative exchange-ratios. But this Ricardian synthesis does not work. It is impossible to maintain both that exchange-value can be reduced to labour, *and* that exchange-value itself is simply quantitative. For, as a well-known objection runs, if for example, the quantity of labour necessary to produce two different commodities alters at the same rate, then on Ricardo's account their labour values will change but their comparative values will remain the same (cf. Roll, *A History of Economic Thought,* (p. 178). A commodity's exchange-value either is, as Ricardo says it is, "the quantity of any other commodity with which it will exchange", in which case it cannot be determined by labour; or if, on the other hand, labour does determine exchange, exchange-value itself cannot be simply a quantitative relation.

Marx's distinction between value and exchange-value has as its effect a reconceptualisation of the latter which precisely makes it something more than, and different from, a purely quantitative relation. In consequence, not only is the Ricardian problem solved, but the problematic which generated it is replaced, and the road is opened up to a new object of analysis and a new science.

At first sight, indeed, the effect of the distinction is more modest: Ricardo's concept of relative or comparative value is replaced with a concept of absolute value. Value in this absolute sense—what Marx calls "value" as distinct from "exchange-value"—is value as an objectification of socially necessary labour time, and as such it is determined independently of exchange. However, value in this sense can become real and hence exercise a function of causal determination only in a commodity-producing economy, because only in such an economy do the products of labour assume the social form of values (*Capital* vol I p 139). In other words, although value causally determines exchange and is itself determined independently of exchange, exchange relations are the real conditions of existence of the value-form. But this means that value manifests itself—actually exists—only in the form of exchange relations between commodities, i.e. as exchange-value. As Marx puts it, exchange-value is the "phenomenal form" of value.

At this point Dognin raises an objection, which it is worth examining, for it shows the nature of his misreading of Marx. If, Dognin asks (vol II pp 27, 51) value becomes real only as exchange-value, how can the latter be said to be only the "phenomenal form" of the former, and how can the former be said to have causal primacy over the latter? Now it seems to me that the question itself radically misconstrues the nature of Marx's distinction. Marx does not abstract from the realities of exchange in order to arrive at an unreal abstraction (value) which he then endows with some magical causal efficacy over reality. On the contrary, in his process of abstraction he deals with realities throughout, what changes is only the conceptual focus on the different characteristics of these realities. He starts from quantitative relations between commodities: he then shifts the focus away from these quantitative relations to their social form and social regulator (value): and finally he refocusses on the quantitative relations, but now portraying them as the mode of existence of the social form of value (as exchange-value). Hence, to say that exchange-value is the phenomenal form "of value" is to say that it is not only a quantitative relation but also a social form. And to say that it is the "phenomenal form" of value is to say that this social form appears and can only appear precisely in and as a quantitative relation. It can appear only as such, because the very conditions which generate it as a real social form—the conditions of commodity-production—generate it as the social form of commodities in exchange. What is decisive in this is not some abstraction from the qualities of individual commodities in exchange to some abstract quality common to all of them, but the shift away from viewing economic relations as quantitative relations between individual commodities to viewing them as social relations of a specific kind.

Thus Marx's distinction between value and exchange-value involves first of all a reconceptualisation of the object of analysis in economics. This object is no longer conceived of as a set of quantitative relations, but as a social form which manifests itself in quantitative relations.

This reconceptualisation of the object of analysis explains what puzzles Dognin, viz. how value can be said to regulate exchange. If the object of economics were simply quantitative relations between exchange phenomena, then indeed such regulation would be inconceivable. But in fact the regulation of exchange by value is a social process; it must be conceptualised as a social mechanism of regulation. Value regulates the economy by determining quantitatively the manner in which social labour is distributed through exchange between the products of labour in a society of independent producers (cf. Rubin, *Essays on Marx's Theory of Value).* Value is the concept of a specific social mechanism for the distribution of social labour.

But simultaneously with the constitution of a new object of analysis, is constituted the science of this object. This science differs from classical economics, first of all, in its explicitly social and historical character: it is a social science which deals with social realities which arise in an historically given set of conditions, and its concepts make this explicit. If classical economics was indeed, as Marx argues it was, ahistorical and asocial, this was not an external characteristic, but one which arose out of the very nature of its concepts themselves to produce historically specific social ones.

Yet this is only part of what is involved in Marx's transformation of classical economics. For it isn't just that Marx's economics is social in a way that classical economics was not; it is also, and very importantly, that Marx's social science takes the specific form of a critique of ideology. His concept of exchange-value is, once again, crucial in this respect. Exchange-value, in Marx's concept, is not simply a social form: it is a social form which exists in and as a quantitative relation between commodities. But it is precisely because this social form exists in and as such a quantitative relation that bourgeois ideology arises with its characteristic features and effects. At the root of the ideology specific to the capitalist mode of production lies the fact that under it the social form impressed upon the products of labour by the relations of production exists and can exist only in the form of quantitative relations between the individual products which exchange on the market. Far from being some kind of lurid Hegelian decoration simply tacked on to *Capital,* the concept of commodity-fetishism—which Marx introduces explicitly later in the chapter—is a development from and an elaboration of the prior concept of exchange-value. It is not so much that exchange-value has ideological effects: it is itself an inherently ideological category, in the sense that whatever exists as exchange-value exists ideologically.

To sum up: the significance of Marx's distinction between value and exchange-value is, it seems to me, that it is the means whereby Marx starting off with the concepts of classical economics, transforms them to produce a radically new science—an economics which is simultaneously an historically specific social science and a critique of ideology.

A striking thing about Dognin's commentary, in this context, is that it shows little or no understanding of Marx's transformation of classical economics. Dognin meticulously reconstructs Marx's distinction in all its ramification of detail but seems blind to its implications as a whole.

Part of the explanation of this may lie in the fact that the form in which Marx made his break with classical economics was, naturally enough, conditioned by classical economics itself: in transforming the classical concept of exchangeable value he took that concept itself for granted, since it was precisely that concept he was transforming. However, that concept cannot be taken for granted in the context of the modern neo-classical tradition, with its effective reduction of exchange-value to utility. Yet in its final effect neo-classicism is not different from its classical predecessor: it too effectively reduces economic relations to quantitative ones, although it does so in a different way. Marx's critique is therefore applicable, *mutatis mutandis,* to neo-classical economics as well. But—and this is the point—as a critique of neo-classical economics it would need to be developed in a different way: were Marx to rewrite Chapter I today he would naturally develop his concepts in a different way, since the theoretical context has changed.

Dognin, at any rate, who approaches Marx's texts with neo-classical presuppositions, seems unaware of the distance which separates them from both classical and neo-classical economics. It is as if Marx's critique fails to connect with him. He proceeds as though there were no differences of importance to distinguish the respective problematics of classical, neo-classical and Marxist economics: Marx is criticised as though he were simply another economist and, not surprisingly, he is found to be a poor one. This misreading of Marx's purpose seems to me to vitiate much of Dognin's critique, and to blind him to important aspects of the texts he is criticising: I have tried to show this above in one particular case. Much the same applies, I think, to the other criticisms Dognin makes, although unfortunately I cannot explore these any further here.

But whatever the merits of Dognin's commentary may be, the publication of the first edition texts, in the original and in translation, makes an invaluable addition to our knowledge of Marx.