

The Theoretical Relevance of an Updated Marxian Theory of Commodity in Economics

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The Fundamental Question in Capitalist Production

- How does material production become socially recognised?

Relevance

- Capitalist Production is based on generalised commodity production.
- Commodity renders production global, atomistic and de-centralised.
- Material production takes place in social isolation: privately and independently.

Pre-Capitalist Production

Production



Material Moment

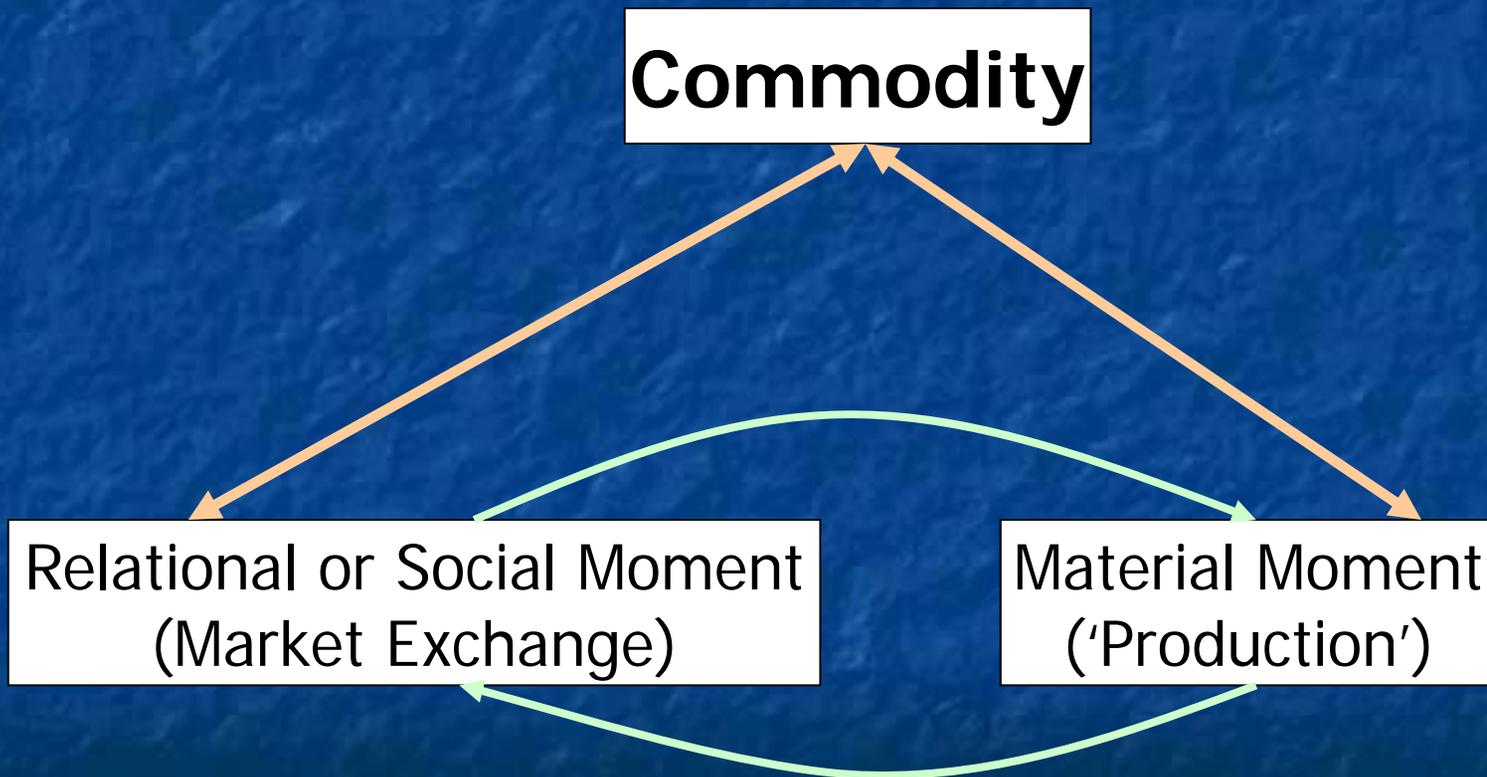
Relational or Social Moment

- The relevant economic unit is the local community.
- The main productive relation is direct.
- Production is consciously organised.

Capitalist Production

- The products of labour go on offer.
 - *Commodity or product for sale.*
- The main productive relation becomes indirect, through the products of labour.
- In Capitalism material production is no longer production in its immediacy.
 - *It is conditional.*

Production (Capitalist)



Marx's Answer to the Riddle

- How does private and independent material production become part of the social product?
- Through the social recognition of commodity as equivalent to a certain amount of money.

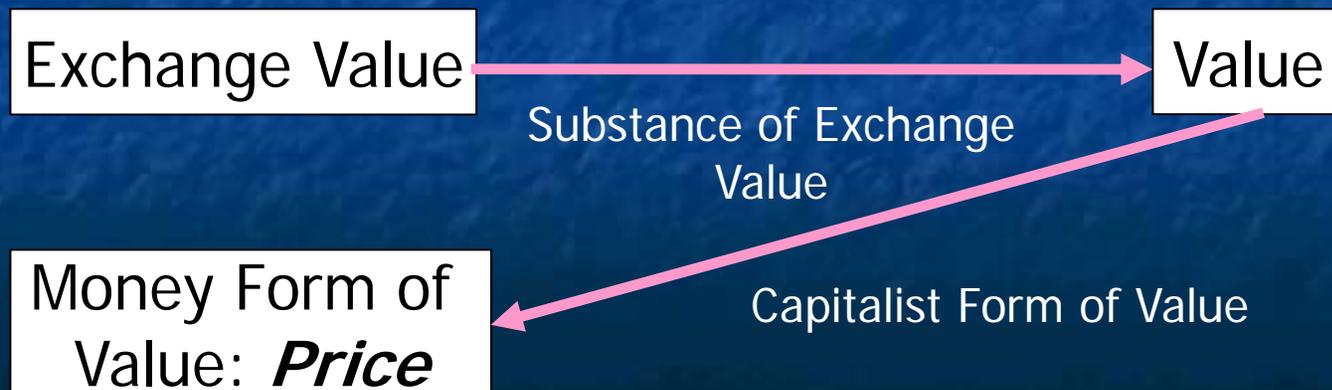
Commodity = \$\$

The Novel View of Marx

- The problem of the realisation of material production as part of the social product is that of the realisation of private and independent work as part of the social labour.

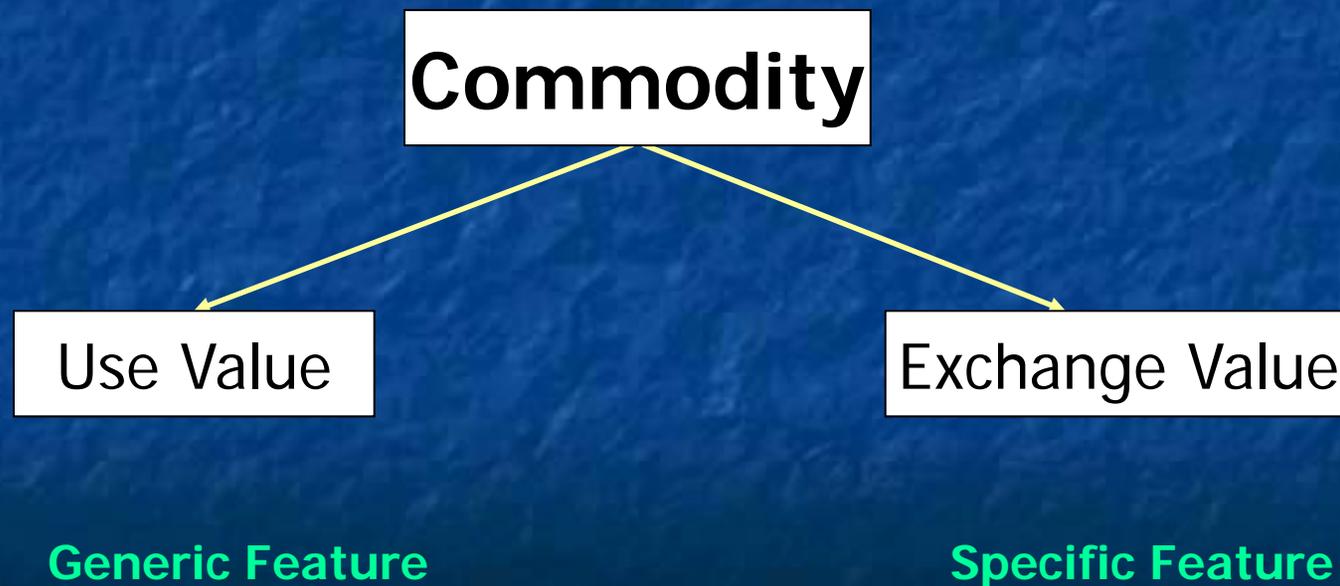
Marx's Attempted Solution

- Private work becomes abstract social labour as the substance of the value of commodities.
- Value finds its necessary developed expression in the money form of commodities.

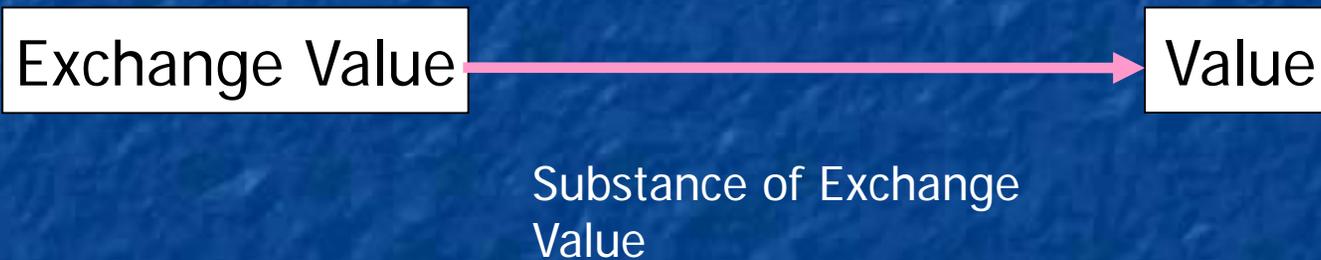


Marx and the Specificity of Commodity

- The study of commodity starts in the market.

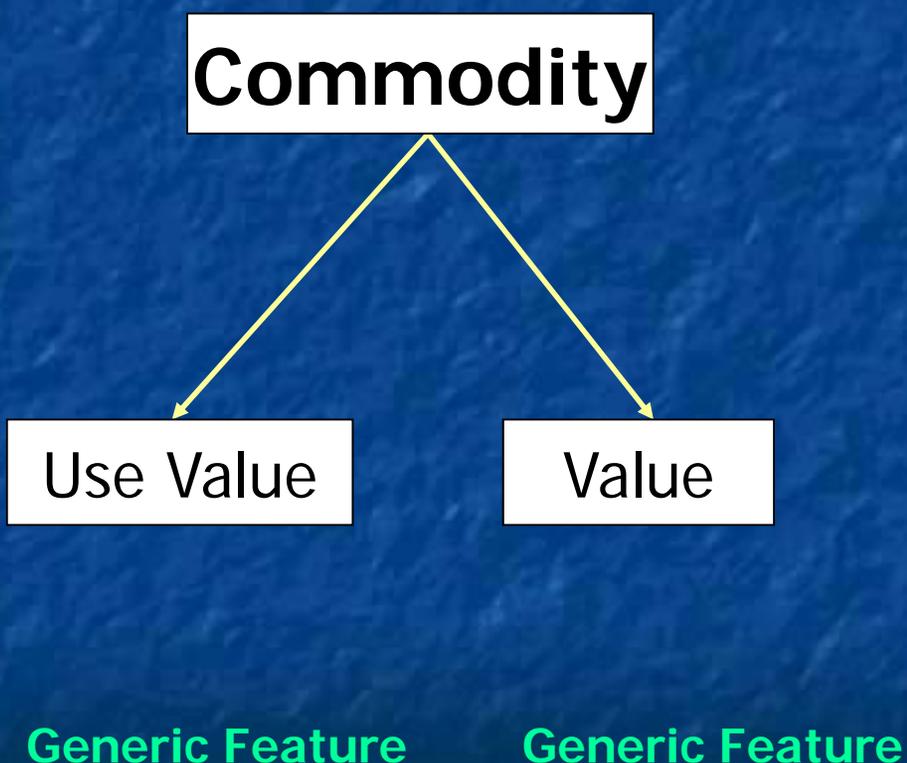


Step 1



- Labour is the substance of value.
- Process of analytical discarding.

Characterisation 2



Problem:

- Labour value is not a historically specific content of commodity.
- It expresses the relationship between society's labour and the objects of their wealth.

Step 2



Problem:

- In pre-capitalist production value takes the natural form of the product.
 - *Robinson Crusoe.*
 - *Production relations in the Middle Ages.*

The Role of Use Value

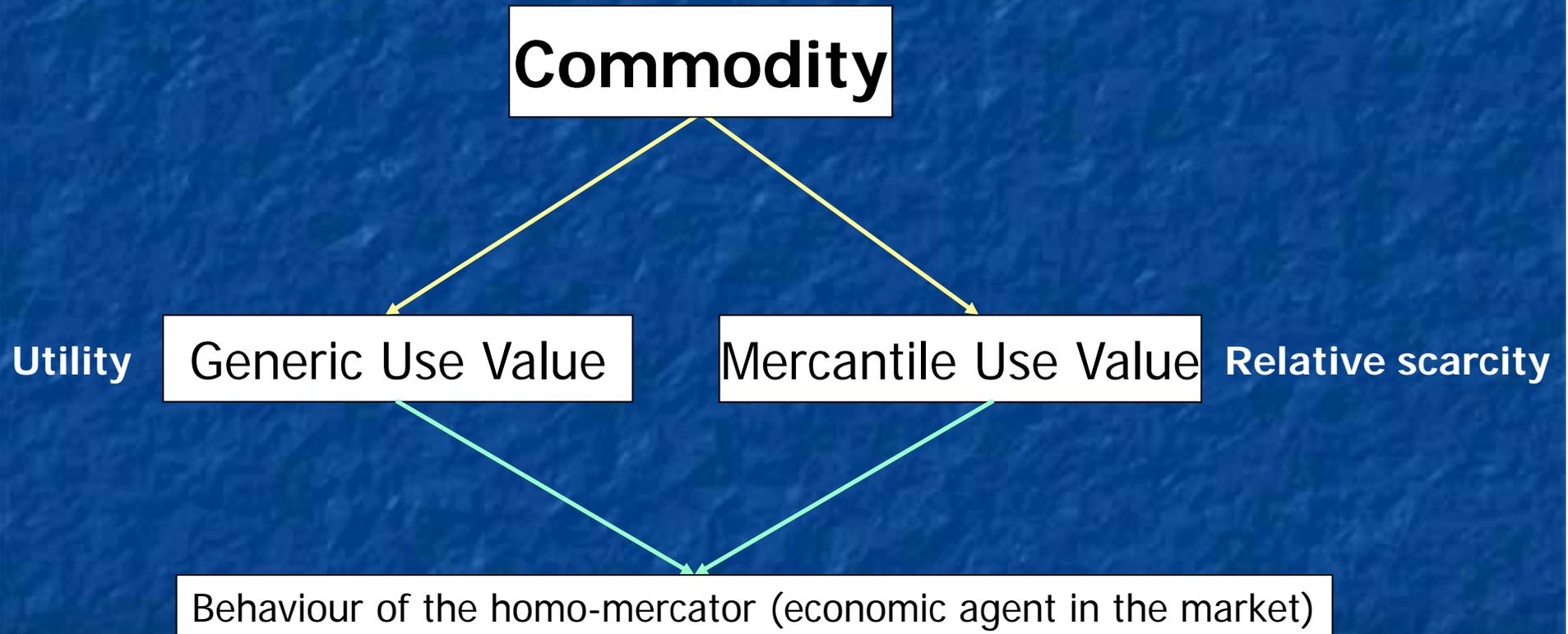
- Commodity is exchange value.
- This makes it useful as a means of exchange (*Capital*, Ch.II).
- The utility of commodity as a means of exchange is historically specific.

Exchange Value



Mercantile Use Value

First Dialectic of Commodity



Neo-Classical Economics: General Equilibrium Strand

Interplay Between the Objective and Subjective Moment in the Market

Objective Moment

- Exchange Values are given by the market.
- They determine the respective commodities' mercantile use values.

Transition

- Commodities' Mercantile use values and the interplay with the generic counterparts determines the behaviour of the homo-mercator.

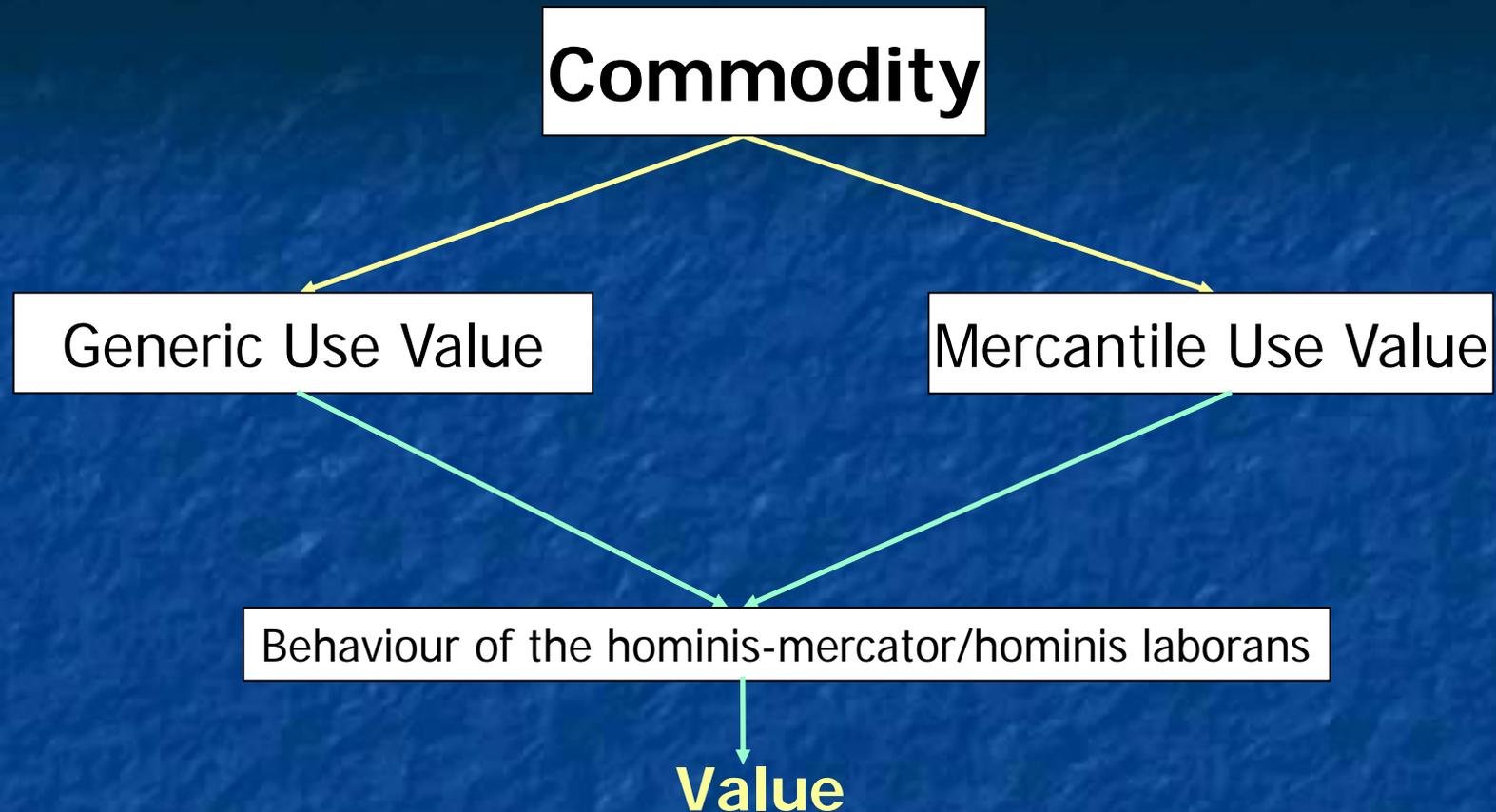
Subjective Moment

- The behaviour of all of the hominis-mercator taken together feedback on the market's equilibrium exchange values.

Two Roles, One Actor: A Labour Theory of Value

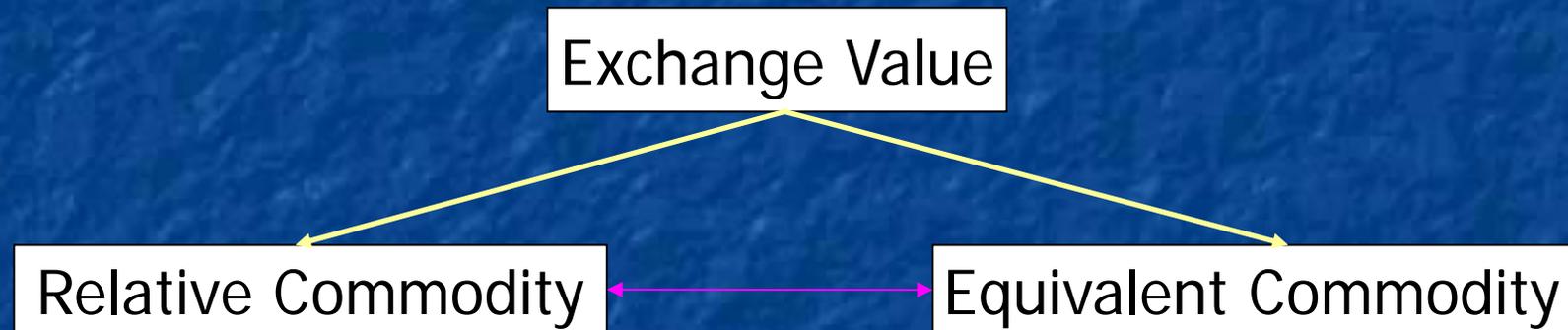
- If Commodities do not land from heaven, the **homo-mercator** will have to be also **homo-laborans**, or productive worker.
- The differentiated unity of production (**market exchange/material production**) is condensed in the differentiated unity **homo-mercator/homo-laborans**.

- The homo-mercator/homo-laborans acts within the boundaries of commodity's mercantile use value and its generic counterpart.
 - *Comparative advantages.*
- All of the hominis-mercator/hominis laborans taken together lead to exchange values being converging on the relative labour values.



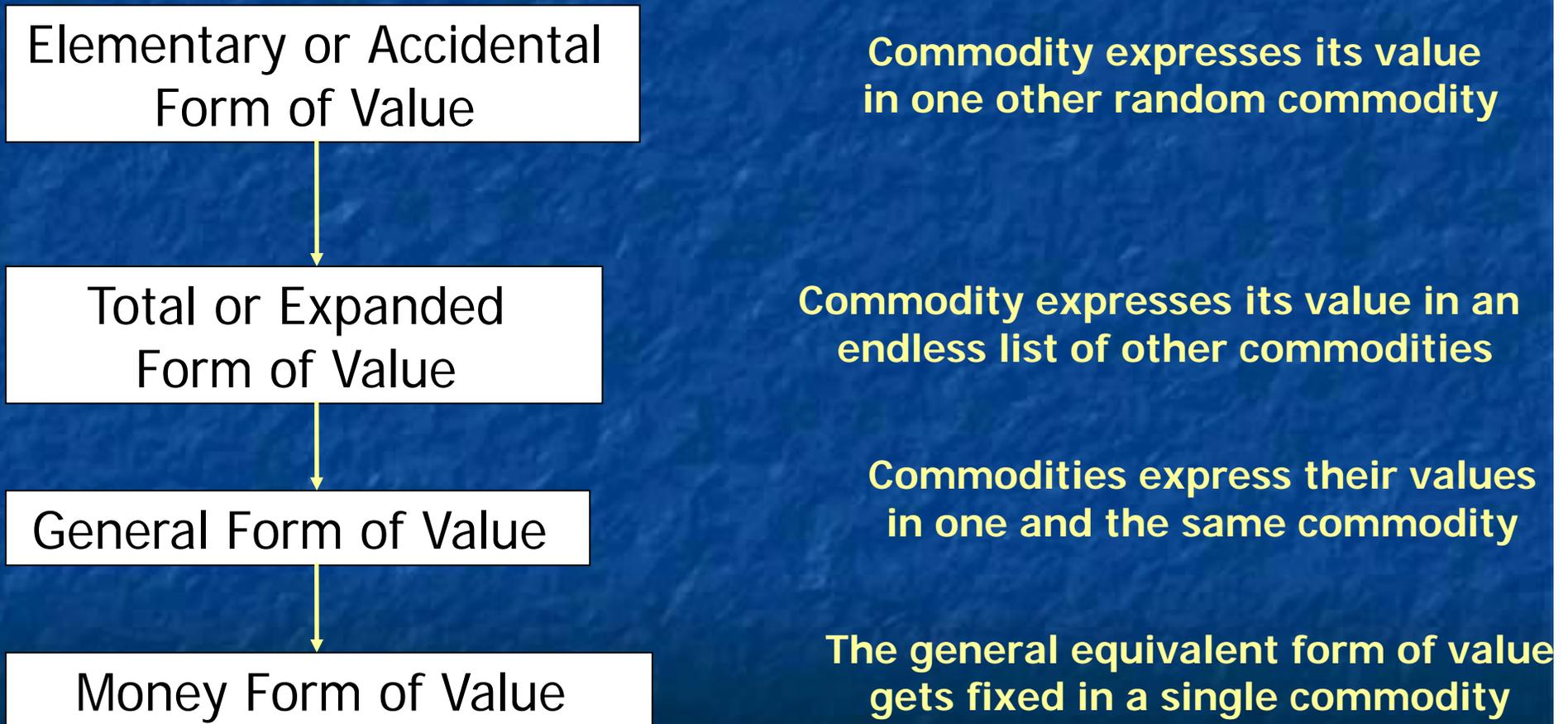
- The law of labour value is based on the interplay between commodity's use value and its mercantile counterpart.
 - *It is based on the behaviour of rational and atomistic individuals.*
- Central to the concept of value is that of reproduction.

Marx and The Form of Value



- The relative commodity actively expresses its value.
- The equivalent commodity passively reflects the value of the former but it becomes directly exchangeable with it.

Progression of the Forms of Value



Problems

- Value does not necessarily take a mercantile form.
- The expanded form of value contradicts the nature of the equivalent form of value.
- The form of value does not account for the individual behaviour.

The Genesis of Money

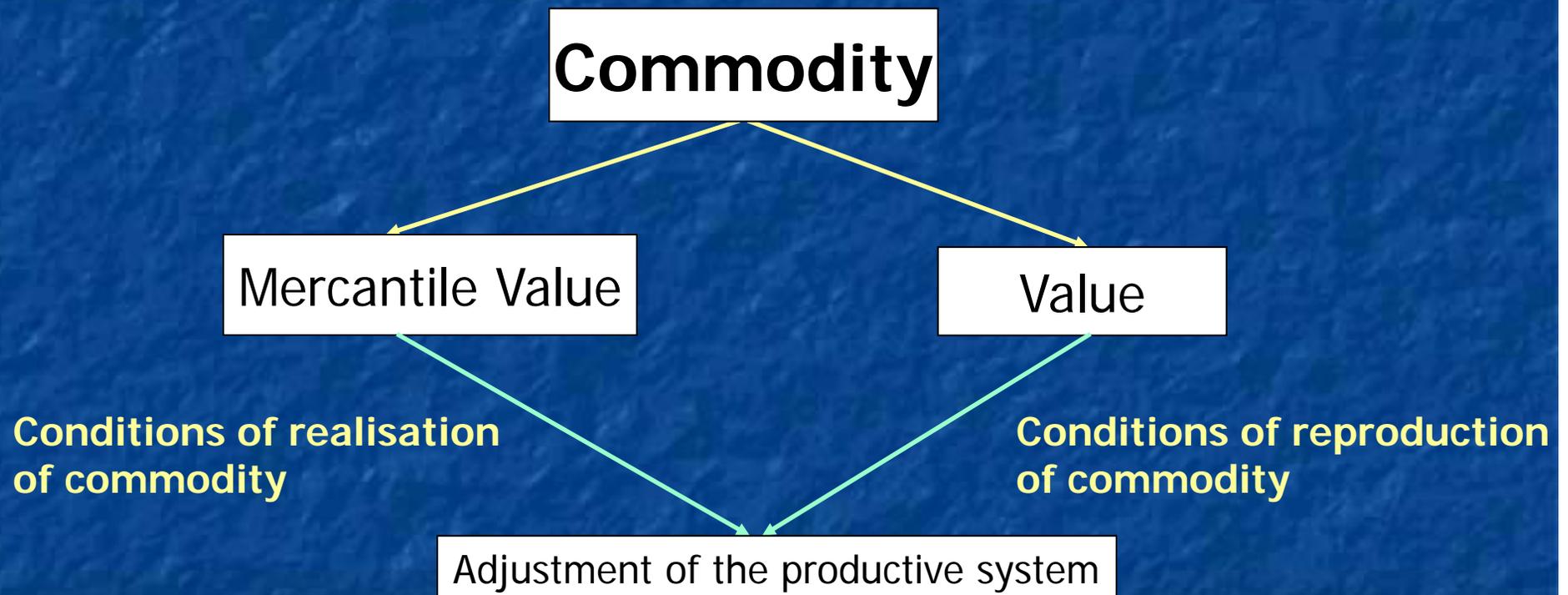
- The Mercantile Form of Value arises from the contradictory character of commodity exchange.
- It is both a **private** and a general **social** transaction (*Capital*, Ch.II).
- The Commodity producer has to realise their commodity as a pre-requisite to be able to acquire those which satisfy their needs.

The Form of Mercantile Value

- The Commodity producer is forced to quote a 'price' for their commodity.
- This act confers to commodities their usual relative form (conditional exchangeability).
- It also confers to some other random commodity the equivalent form (direct exchangeability).

- The struggle of private and independent producers to achieve social recognition of their labours gives rise to the equivalent form of value.
- In exchange commodity expresses mercantile value.
- The mercantile form of value expresses directly the social labour realised by commodities
- and only indirectly the social labour contained in it.

Second Dialectic of Commodity



Money

- Money arises out of the need to give an external form of expression to the contradictory character of exchange.
- The general **social** character of exchange becomes the requirement to turn commodities into money.
- The fulfilment of the **private** character is then a matter of course by turning money into the desired commodities.
- **Sale and purchase** is the material form of manifestation of the two-fold character of exchange.

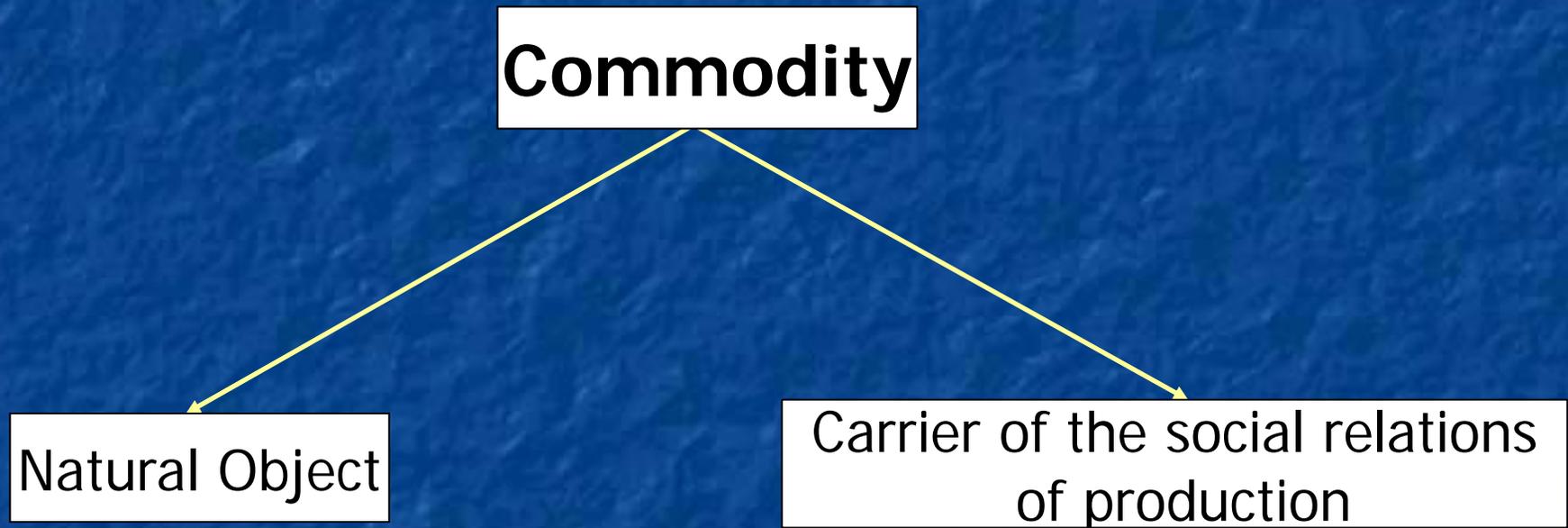
Answer to the Research Question

- How does private and independent material production become part of the social product?
- Through the social recognition of commodity as equivalent to a certain amount of money.

Commodity = \$\$

- The process of social recognition of material production is but the material manifestation of the social realisation private and independent work as social labour.
 - Private work becomes abstract social labour as the substance of the value and mercantile value of commodities.
 - Mercantile value expresses itself directly in the money form of commodities.
 - Value expresses itself indirectly in the adjustment of the productive structure.

General Dialectic of Commodity



Why does society's labour take the form of abstract labour?

- Commodity production is the first system where the main productive relation is indirect.
 - *Society's labour has to be allocated in a roundabout way.*
- Commodity production does so through its recognition (or not) as social labour in the realisation of commodities into money.
- The allocation of social labour has to take the form of commodity exchange.
 - *This provides the signals for the productive powers of society to be expended a certain way.*

Implications

- Production is but the organisation of society's labour for its material reproduction.
- Money is the measure of mercantile value.
 - *The rest of its functions are derived from this primary one.*
- Money is originally a commodity but it is not necessarily a commodity.

- Long-Run equilibrium relative prices are not necessarily the reflection of the respective relative labour values.
 - *There is trading in irreproducible commodities.*
 - *The roles of homo-laborans and homo-mercator are played by different actors.*

- The current theory of value in Economics attributes to natural objects the will to become commodities.