

# Karl Marx: Exchange Value

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question: what is the value of a commodity?

two kinds of value:

- use value: “by its properties it satisfies human needs” (Capital)
- exchange value — what determines that?  
can't be use value because incommensurable

## 1. Labour Theory of Value

exchange value is determined by value as labour time.

whose labour time? I'd take much longer producing a table than a carpenter.

**exchange value is determined by value as “socially necessary labour time”:** “the labour-time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour”

why can profit be made in capitalism?

it would seem that no profit is possible if exchange value is determined by labour time. input and output are equal by definition. unless perhaps in exceptional cases in which you are quicker in producing than the social average.

but: what is the (exchange) value of labour itself?

it is the labour time that goes into reproducing this labour: labour time it takes to produce food, to get water, to wash, to have and take care of children, etc.

“What ... the wage-labourer appropriates by means of his labour, merely suffices to prolong and reproduce a bare existence” (*Communist Manifesto*)

note: it just so happens that labour is productive. one can labour for 8 hours, say, but need only 4 hours to reproduce this labour.

some terminology:

- necessary labour: the first 4 hours of the working day in which the worker labours to earn the wages he needs to reproduce himself
- surplus labour: the remaining 4 hours of the working day in which the worker makes a profit (for the capitalist)
- exploitation: the worker is not paid for all the (exchange) value he produces

this hidden exploitation via surplus labour is unique to capitalism:

- exploitation under feudalism is obvious: a part of the products of serf's labour go to feudal lord
- there is no exploitation under communism (Critique of the Gotha Programme)  
Marx distinguishes crude from advanced communism:  
crude communism: “The same amount of labor which he has given to society in one form, he receives back in another”  
advanced communism: “From each according to his ability, to each according to his needs!”

some (false) predictions the labour theory of value makes:

- how does the value of fertile virgin soil fit into Marx' theory of value?
- labour-intensive industries make more profit
- mechanisation will decrease profit
- no other commodity is productive in the same way (but take a potato, you put it in the ground and in all likelihood it produces more potatoes)
- exploitation is no evil but a lucky accident for the capitalist (but exploitation seems to have to do with taking unfair advantage, it is a thick concept (Vrousalis 2013; 2022; Roemer 1985))
- prices determined by supply and demand rather than necessary labour time? perhaps prices and exchange value diverge? but what use is Marx' theory then?

## 2. Ideology in *Capital*

> socially necessary labour time determines (exchange) value  
**but this is not apparent**

mysterious character of the commodity: “the commodity reflects the social characteristics of men’s own labour as objective characteristics of the products of labour themselves, as the socio-natural properties of these things.” (Capital)

- (1) ‘social characteristics of men’s own labour’ = value of commodity due to socially necessary labour time
- (2) ‘objective characteristics of the products of labour themselves’ = value as intrinsic property of commodity

**commodity fetishism = mistaking (1) for (2)**

“no chemist has ever discovered exchange value either in a pearl or a diamond”

why does fetishism exist? — three processes

- FIRST, due to “peculiar social character of the labour which produces [commodities]”
- which character? “private individuals who work independently of each other”
- this creates the appearance of “material relations between persons and social relations between things”.
- SECOND, the money form enforces this appearance
- money as universal means of exchange
- “precisely this finished form of the world of commodities—the money form—... conceals the social character of private labour and the social relations between the individual workers, by making those relations appear as relations between material objects, instead of revealing them plainly.”
- “The adherents of the Monetary System did not see gold and silver as representing money as a social relation of production, but in the form of natural objects with peculiar social properties.”
- THIRD, domination: “the process of production has mastery over man, instead of the opposite”
- this creates in the workers an idea of powerlessness.
- if power does not rest with them, it must rest with commodities

A commodity's value is actually the socially necessary labour time invested to produce it. But due to the organisation of production and exchange this is not how things appear.

And the appearance doesn't change even after this discovery about the real locus of value is made.

analogy: "the scientific dissection of the air into its component parts left the atmosphere itself unaltered in its physical configuration"

bourgeois political economy speaks of value and exchange value in precisely this way, ignoring labour as the real source of value

#### fetishism is unique to capitalism:

- Robinson Crusoe on his island: labours to survive, he labours on different things/in different ways (fishing, hunting, tool making, ...) and takes different times to complete his task. "those relations contain all the essential determinants of value" but there is no exchange, no value in the commodity
- feudalism: "Personal dependence characterizes the social relations of material production as much as it does the other spheres of life based on that production." So there is "no need for labour and its products to assume a fantastic form different from their reality"
- association of free men working with the means of production held in common: just like Robinson Crusoe. one part of their labour will become new means of production, another part will be divided among them

#### questions and objections about commodity fetishism:

- what would fetishism of services mean? (cf. work on reification, Honneth 2007; Lukács 1971)
- do we really value commodities in the way Marx says we do?

### **3. Socialism/Communism**

two stages of communism in the *Critique of the Gotha Programme*—why?

- a problem with the earlier stage: what seems an 'equal right' to the proceeds of labour actually is "an unequal right for unequal labor" once we take into account different workers with different strengths, abilities, and skills.
- 'equal right' functions ideologically: to justify hidden inequality.
- the Gotha Programme has fallen for capitalist ideology by taking over the language of 'equal right'
- the latter stage is genuinely ideal, without "birthmarks" from the capitalist order from which it emerged

### function of socialism/communism throughout Marx's writings

- contrast: to bring out imperfections of status quo or envisioned ideal which are easily overlooked because of ideology
- similarity: to bring out possibility of alternative and probability of transitioning towards it  
example: capitalism and communism share a centralisation of the means of production (*Capital*)

### a critique of utopian socialism

So long as the proletariat is not yet sufficiently developed to constitute itself as a class, and consequently (...) the productive forces are not yet sufficiently developed in the bosom of the bourgeoisie itself to ***enable us to catch a glimpse of the material conditions necessary for the emancipation of the proletariat*** and for the formation of a new society, these [communist and socialist] theoreticians are merely **utopians who, to meet the wants of the oppressed classes, improvise systems** and go in search of a regenerating science. But in the measure that history moves forward, and with it the struggle of the proletariat assumes clearer outlines, they no longer need to seek science in their minds; they have only to ***take note of what is happening before their eyes and to become its mouthpiece***. So long as they look for science and merely make systems, so long as they are at the beginning of the struggle, they see in **poverty nothing but poverty**, without seeing in it the revolutionary, subversive side, which **will overthrow the old society**. From this moment, ***science, which is a product of the historical movement, has associated itself consciously with it***, has ceased to be doctrinaire and has become revolutionary. (*Poverty of Philosophy*)

so what's wrong with utopian socialism?

- 1) unrealistic visions: castles in the sky, improvised systems
- 2) no theory of social change: poverty nothing but poverty
- 3) no active role for the proletariat: who will overthrow the old society

—> utopian socialists are methodologically confused

right methodology:

- 1) take note of what is happening before one's eyes: material conditions necessary for emancipation
- 2) become mouthpiece: associating theory with historical movement

### **4. Recommended Reading**

Marx, Karl. 1992. *Capital*. London: Penguin.

Marx, Karl. 1875. *Critique of the Gotha Programme*.

Cohen, G. A. 1979. 'The Labor Theory of Value and the Concept of Exploitation'. *Philosophy & Public Affairs*, Vol. 8, No. 4, pp. 338-360.

Leopold, David. 2016. 'On Marxian Utopophobia'. *Journal of the History of Philosophy* 54, no. 1: 111-34.

Leopold, David. 2018. "Marx, Engels and Some (Non-Foundational) Arguments Against Utopian Socialism" in Kandiyali (ed.) *Reassessing Marx's Social and Political Philosophy*.