Table of Contents

Abstract Labour and Value in Marx's System

Rubin, Isaak Illich
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Introductory notes by *Capital and Class*

We publish below an English translation of a lecture given at a meeting of the General Economics Section of the Institute for Economics, Moscow, by I.I. Rubin in May and June 1927. The corrected transcription was first published in *Under the Banner of Marxism.* This translation has been made from the German, I.I. Rubin, S.A. Bessonov et al: *Dialektik der Kategorien: Debatte in der UdSSR* (1927-29) (VSA, West Berlin, 1975).

The lecture develops one of the main themes of Rubin's *Essays on Marx*'s *Theory of Value,* thus providing a useful introduction to the latter work, while developing beyond it in important respects. The lecture aims to bring out more clearly than had the *Essays* the distinction between the *social commensurability of labour* that is characteristic of any society that is based on the division of labour, and the specific form in which this commensuration is achieved in capitalist society, the form of *abstract labour.* The lecture thus centres on a further investigation of the concept of the *form of value* and brings out particularly clearly the significance of the distinctions between value and exchange value, and between abstract and embodied labour, as well as contributing to the debate about the methodology of *Capital.* At the time the lecture was given these issues were of the greatest political significance, for in the period of the NEP, when Rubin's influence was at its greatest, the question of the applicability of the "law of value" under socialism, and so the proper understanding of the concept of value, was of the utmost importance to the future development of the Soviet Union. Despite the already intensifying repression it was therefore still possible to examine the foundations of Marxism. With the abandonment of the NEP and the switch to the 'general line' such critical examination became increasingly intolerable for the Soviet state as heterodoxy in theory came to be identified with economic sabotage and foreign intervention in the subversion of established state policy. Thus, Rubin, along with other leading Marxist theorists whose works have recently been rediscovered (like Pashukanis and Volosinov) fell victim to the purges of the 1930s.

Biographical note: Isaac Il'ich Rubin was born in 1896. He joined the Bund in 1904 and became a member of its Central Committee. He later joined the Mensheviks and was elected to their Central Committee in the autumn of 1920. Trained originally as a lawyer, his handbooks on conciliation and arbitration and on unemployment insurance were published by the Moscow Soviet in 1917-18. He was imprisoned by the GPU in 1923-4 in the round-up of Mensheviks. On his release he dropped his political work to concentrate on his academic studies and teaching. From

1926-30 he was a Research Associate at the Marx-Engels Institute under Ryazanov, to whom he was very close, becoming one of the most influential interpreters of Marx's work. During this period he published several books: *Contemporary Economists in the West; Classics of Political Economy from the 17th to mid-19th centuries; A History of Economic Thought; History of Class Struggles; Essays on Marx*'s *Theory of Value, and co-edited Fundamental Problems of Political Economy.*

Rubin's former association with Menshevism led to his arrest in December 1930 and his inclusion in the Menshevik trial of March 1931, in which he was accused of collaboration with a supposed "Union Bureau of the Central Committee of the RSDRP" financed and directed from abroad. The charges were ludicrous, and the evidence internally contradictory and in a number of instances clearly false. However Rubin, like the other accused, made a full confession of his "guilt," a confession extracted by the use of sustained and extreme torture (see Medvedev, pp.132-6). The trial was designed as an object lesson to the Bolshevik right opposition and to the Trotskyists. Rubin was included in order to incriminate Ryazanov, who was sacked and expelled from the party as a result of Rubin's "confession" "for treason to the Party and direct aid to the Menshevik interventionists." In anticipation of his trial Rubin was denounced in *Bolshevik,* 2, 1930 by V. Milyutin and D. Bovilin as follows: "I.I. Rubin is the ideologist and representative of the ideology of the theoreticians of the Second International in Political Economy... It is a great error to describe I.I. Rubin as a fighter for orthodox Marxism against the 'social school', or to accept uncritically and with negligible reservations a number of his theoretical assertions as strictly Marxist." To the article was appended a statement announcing the complete cessation of press discussion of the views of Rubin and his followers. However it proved necessary to publish further diatribes by Bovilin in *Pravda* in its issues of 13/1/31 and 7/3/31, the first called "Let us tear out *Rubinschina* by the roots."

Rubin was sentenced to five years in jail. After three years in solitary confinement he was exiled to Turgai and then to Aktiubinsk, where he worked as a plan economist in the consumer cooperative and continued his own work. Arrested again in 1937 Rubin was transferred from Aktiubinsk and disappeared for good. As a recent Soviet philosopher, Rosenthal, has observed: "The Communist Party has destroyed this tendency, which is quite alien to Marxism, and assisted Soviet philosophers and economists to unmask its essence" (quoted Rosdolsky, p.570n). We are very pleased to publish Rubin's "mischief" (ibid) here.

I

Comrades, I have chosen abstract labour and value as the theme of my lecture for two reasons: firstly, I know that the question of abstract labour and the form and content of value has been the subject of heated debate in your seminars. Because of this I decided to organize my lecture in such a way that I may deal with the problem of abstract labour in detail, while covering the question of value, its form and content at the same time.

The second reason which persuaded me to select this theme is that it is the central problem of all Marxist theory. We do not term the theory 'the labour theory of value' for nothing – the name alone indicates that the main problem of the theory is the question of the reciprocal relationship between labour and value. What is the labour which creates or determines value, and what is the value which is created or determined by labour? That is the main problem of Marxist theory, which I hope to illuminate in my lecture.

Before we move to the essential part of the question, I should like to make a few remarks on methodology. By what method do we intend to set about solving this problem? In the Introduction to a Critique of Political Economy (Introduction to the Grundrisse) Marx observed that an economic investigation can be conducted according to two methods: by the transition from the concrete to the abstract, and conversely by movement from the abstract to the concrete.

The former, the analytical method, consists in taking a complex concrete phenomenon as the starting point of the investigation, and selecting a single, or several of the most important, characteristics, disregarding the multiplicity of its features, and so making the transition from the more concrete to the more abstract concept, to the simpler, or thinner concept, as Marx says. By further analysis we move on from this concept to an even simpler one, until we have reached the most abstract concepts in the particular science or the particular complex of questions, which interest us.

To cite just one example as an illustration of the problematic we are dealing with, I may remind you of the reciprocal relation between the following concepts. The Marxian theory of value builds on the concepts: abstract labour, value, exchange value and money. If we take money, the most complex and most concrete aspect of these concepts, and by examining the concept of money make the transition to exchange value, as the more general concept underlying money; if we then move from exchange value to value, and from value to abstract labour, we are moving from the more concrete to the more abstract concept, i.e. we are following the analytical method.

But, Marx says, however necessary the use of the analytical method is in the first stage of scientific enquiry, it cannot satisfy us in itself, and it must be complemented by another method. Once we have traced the complex phenomenon back to its basic elements by means of analysis, we have to take the opposite direction and, starting from the most abstract concepts, show how these develop to lead us on to more concrete forms, more concrete concepts. In our case, this progression from the simpler concepts to richer and more complex ones would be the movement from abstract labour to value, from value to exchange value and from exchange value to money.

Marx calls this method 'genetic', at one point, because it enables us to follow the genesis and development of complex forms. Elsewhere he terms it the dialectical. I hope we can also agree to describe the first method as the analytical, and the second (which includes both the analytical and the synthetic method) as dialectical.

Marx indicates that he considers the dialectical method to be the only one which solves scientific questions satisfactorily. Accordingly, we have to subject the problem which interests us, the question of the relationship between labour and value, to investigation not only by the analytical method, but by the dialectical as well.

Marx gives many examples to show in what respect the analytic method is inadequate. I should like to quote three examples here.

Concerning the theory of value, Marx says "Political economy has indeed analysed, however incompletely, value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product and labour time by the magnitude of that value." (*Capital I* p.80).

In another passage, devoted to the theory of money, Marx says: "In the last decades of the 17th century it had already been shown that money is a commodity, but this step marks only the infancy of the analysis. The difficulty lies, not in comprehending that money is a commodity, but in discovering how, why and by what

means a commodity becomes money." (*Capital I* p.92) Here, as we see, the dialectical method differs once again from the analytical.

Finally, at a further point while discussing religion, Marx repeats the idea which he has stated before, that it is obviously much easier to discover by analysis the core of the curious religious conceptions, than conversely, it is to develop from the actual relations of real life the corresponding forms of those relations. The latter method is the only materialistic and consequently the only scientific one (*Capital I* p.372 note 3).

Following Marx, we must solve our problem in this way. Our task does not only consist in showing that the value of a product can be attributed to labour. We must also show the converse. We must reveal how people's productive relations find their expression in value.

This is the basic statement of the problem, which must be considered the most methodologically correct from the Marxian standpoint.

If we put the question in this way, we take not the concept of value as the starting point of the investigation, but the concept of labour. We define the concept of labour in such a way that the concept of value also follows from it.

The requirements of the methodology already give us some indications as to the correct definition of the concept of labour.

The concept of labour must be defined in such a way that it comprises all the characteristics of the social organisation of labour, characteristics which give rise to the form of value, which is appropriate to the products of labour. A concept of labour from which the concept of value does not follow, and particularly a concept of labour in the physiological sense, i.e. the concept of labour which lacks all the features which are characteristic of its social organisation in commodity production, cannot lead to the conclusion which we seek from the Marxian standpoint of the dialectical method.

In the following I shall try to show that the difference in conception between the sociological and the physiological understanding of abstract labour can in part be explained precisely by the distinction between the two methods, the dialectical and the analytical. Although the physiological conception of abstract labour can stand its ground more or less successfully from the standpoint of the analytical method, nevertheless it is doomed to failure from the start from the standpoint of the dialectical, since one cannot obtain from the concept of labour in the physiological sense any notion of value as the necessary social form of the product of labour.

So we have to define labour in such a way that from it, from labour and its social organisation, we may understand the necessity of value as the basic social form which the products of labour assume in commodity production and the laws of the movement of value.

Moving on to the analysis of labour, we will start with the most simple concept, with the concept of concrete or useful labour.

Concrete labour is seen by Marx as labour in its useful activity, as labour which creates products which are necessary for the satisfaction of human needs. Labour viewed from this material technical side represents concrete labour.

It is obvious that concrete labour does not interest us in the least, so long as we are speaking of the individual, of Robinson Crusoe overcoming nature, since the object of our science is not the production of a single individual, but social production, the production of a whole group of people which is organized on the basis of a specific social division of labour. The system of the social division of labour is the totality of

the various concrete kinds of labour, which are unified in a determined system and complement one another materially.

So we have made the transition from concrete labour in general to the system of the social division of labour, as the totality of the various concrete kinds of labour. We have to inquire more closely into the concept of the social division of labour since it plays a key role in the understanding of the whole of Marx's theory of value.

Marx says that the system of the social division of labour can occur in two-fold form – as he terms it – as a system which is mediated through exchange and as a system which has no need of such mediation, for example the natural economy of a large clan or of a socialist community etc.

We may look first at the system of organized social division of labour which has developed without exchange.

So long as one speaks of an organized system of the social division of labour, we have not only concrete material-technical labour, but social labour as well. In Marx, the concept of the social division of labour is on the border between the concept of concrete useful labour, and social labour in social production. On the one hand, at the beginning of the section on the two-fold character of labour (*Capital I* p.41 f), Marx examines the social division of labour as the totality of the concrete modes of labour. Elsewhere in Capital, particularly in the chapter on "Manufacture," (*Capital I* p.350ff), he examines the system of the social division of labour from the standpoint of the human relations of production which characterize this system. In organized production, the relations among people are relatively simple and transparent. Labour assumes a directly social form, i.e. there is a determined social organization and determined social organs, which distribute the labour among the individual members of the society, whereby the labour of each person enters directly into social production as concrete labour with all its concrete material characteristics. The labour of each person is social, specifically because it differs from the labour of the other members of the society and represents a material complement to them. Labour is directly social in its concrete form. At the same time it is also divided labour. For the social organization of labour consists in labour being distributed among the individual members of the society, and conversely the division of labour being the act of a social organ. Labour is both social and divided, and possesses these characteristics in its material technical, concrete or useful form also.

Let us now ask this question: is the labour in an organised community also socially equated? Do we find a process which we could describe as a social process of equation of labour in this community?

There are various views on this particular problem. Some economists maintain that this kind of social equation of labour already exists in any production community, which is based on the division of labour, and in a form which does not differ in essence from the equation of labour in commodity production.

Other economists take the opposite view, saying that the process of social equation of labour is a process which is only appropriate to commodity production and occurs in no other form of production. In particular, these economists deny the possibility and necessity for social equation of labour in a socialist economy.

I have suggested a middle road in my book. I pointed out that every production which rests on the division of labour has recourse to social equation of the labour of different kinds and different individuals, to some extent and in one form or another. I also pointed out in connection with this that this equation of labour acquires a very particular social form in commodity production and therefore makes way for the

appearance of a completely new category, that of abstract labour. I think that Marx regarded the question in this way, although we have no clear statement by him on the subject. I know of one very explicit observation, which dates already from the first edition of 'Capital'. There he says: "In every social form of labour the labours of the various individuals are related to each other also as human labours but here *this relation itself* counts as the *specifically social form* of the labours" (*Das Kapital,* 1st edition p.238).

We will analyse the end of this sentence at a later point. For the present, I only want to establish that Marx clearly thought that in every social form of labour, the labour of single individuals is related as human labour. It is correct that extreme adherents of the physiological version could maintain that Marx meant here only the physiological equality of the various kinds of labour. But this interpretation seems to me too far-fetched. Both the actual sense of the particular sentence, which speaks of the "social form of labour," as well as its relation to many other places in Capital, indicate that Marx meant here the process of social equation of labour.

I think it is necessary to add a certain qualification to the formula that social equation of labour occurs in any social form of production.

I think that in the ancient family, for instance, where the labour was divided between man and woman and was tied to the representative of each sex, where the change from male labour to female did not exist and was even forbidden, the process of social equation of labour could not take place, even in embryonic form. Further, in social organizations which were based on extreme inequality of the various social strata (e.g. slavery), the social equation of labour could only occur for the members of a specific social group (e.g. for slaves or for a specific category of slaves). Even the concept of labour as such, as social function, could not be acquired in this kind of society.

If we then leave aside social organization which was based on extreme inequality of the sexes or of individual groups, and turn to a large community with division of labour, e.g. the kind found in the large family associations of the Southern Slavs – I think that here the process of social equation of labour was necessary. It becomes all the more necessary in a large socialist community. But this process of the equation of labour in an organized community differs essentially from the process which occurs in commodity production. Let us actually imagine some socialist community where labour is distributed among the members of the society. A determined social organ equates the labour of different kinds and of different individuals, since without this organ there could be no economic planning. But in a community of this kind the process of equation of labour is secondary and only complementary to the process of socialization and division of labour. Labour is primarily social and divided. The characteristic of socially equalized labour belongs here as derivative or supplementary. The main characteristic of labour is its social and divided aspect and its socially equated aspect is an additional feature.

I may take this opportunity to say that for the sake of clarity I would find it useful to distinguish between three concepts of equal labour:

1) physiologically equal labour
2) socially equated labour
3) abstract labour, as used by Marx, or preferably, abstract universal labour (a term which Marx uses in the 'Critique')

The physiological homogeneity of the various modes of labour existed in all historical epochs, and the possibility that individuals may change over from one occupation to

another is the prerequisite for any social division of labour. Socially equated labour is characteristic for all systems with the social division of labour, that is not only for commodity production, but, for instance, for a socialist community. Finally the third concept of labour, as abstract universal, is characteristic only for commodity production. We will come onto this concept. So far we have only discussed the second concept of labour as socially equated and divided.

Let us take a look at the changes which will take place in the organization of labour in our community, if we imagine it not in the form of an organised whole, but in the form of a combination of individual production units of private commodity producers, that is, in the form of commodity production.

In commodity production we also find the social characteristics of labour, specified above, which we observed earlier in an organised community. Here too we will find social labour, divided labour and socially equated labour; but all these socialisation processes, processes of equation and division of labour, occur in a totally different form. The interrelation between the three characteristics is now completely different, primarily because in commodity production the direct social organization of labour is missing, and labour is not directly social.

In commodity production, the labour of an individual, a single commodity producer, is not directly regulated by the society, and in itself, in its concrete form, it does not yet belong to social production. Labour only becomes social in commodity production when it assumes the characteristic of socially equated labour; the labour of every commodity producer only becomes social by virtue of the fact that his product is assimilated with the products of all the other commodity producers, and the labour of a specific individual is thus assimilated with the labour of all the other members of the society and all the others kinds of labour. There is no other characteristic for the definition of the social character of labour in commodity production. There is no previously conceived plan for the socialisation of the division of labour, and the only indication that the labour of a particular individual is included within the social system of production is the exchange of the product of a specific labour for any other product.

So in comparison with the socialist community, the characteristics of social labour and of equated labour have exchanged roles in commodity production. Previously, the characteristic labour as equal or equated was the result of the secondary process, of the derived act of a social organ, which socialised and distributed labour. Now labour only becomes social in the form in which it is equated with all other kinds of labour, and becomes thus socially equated labour.

I should like to quote a few statements by Marx which should confirm this.

The most unequivocal example can be found in the 'Critique' where Marx says that labour only becomes social "by assuming the form of its direct opposite, of abstract universal labour" (p.34), that is, the form of equation with all other kinds of labour. "Abstract and in that form social labour" – Marx frequently characterises the social form of labour in commodity production with these words. I may also call to mind the well known passage from 'Capital' which states that in commodity production "the specific social character of private labour carried on independently, consists in the equality of every kind of that labour by virtue of its being human labour" (*Capital I* p.74).

And so in commodity production the emphasis of the social characteristic of labour shifts from the attribute of socialised labour to that of equal or socially equated labour, which only becomes socially equalised labour through the equation of the products of labour. The concept of the equality of labour plays an important role

in Marxian value theory precisely because in commodity production labour becomes social only in its quality of being equal labour.

Like the characteristic of social labour the characteristic of divided labour also follows from the equality of labour in commodity production. The division of labour in commodity production does not consist in its conscious distribution corresponding to determined, previously expressed needs, but is regulated by the principle of the equal advantage of production. The division of labour between individual branches of production takes place in such a way that in all branches of production, the commodity producers receive an equal sum of value through expenditure of an equal quantity of labour.

We established the three characteristics of labour as being social labour, socially equated labour and divided labour. All these characteristics also appertain to labour in a socialist society, but completely change their character and their interrelationship as compared with commodity production. The three characteristics of labour which we listed here are the basis from which the three aspects of value develop. Marx considers value as the unity of the form of value, the substance of value and the magnitude of value. "The crucially important task however was to discover the inner necessary interrelationship between the *form* of value, the *substance* of value and the *magnitude* of value" (*Kapital 1st ed.* p.240). The unity of the form, substance and magnitude of value reflects the unity of labour as social, socially equated and quantitatively divided. In commodity production, the relations of labour and of production are "objectified" and the social characteristics of labour assume the form of "objectified" attributes of the product of labour. The "form of value" is the social form of the product of labour, which reflects the particular social character of labour in commodity production. "The substance of value" represents socially equal labour. And finally the "magnitude of value" is the expression of the social division of labour, or more precisely of the quantitative side of the process of division of labour.

The threefold character of labour, which we have suggested, helps us to explain the relationship which exists in the Marxian system between form, substance, and magnitude of value. In particular this division clarifies some problems of the construction of Marx's section on the 'Fetishism of Commodities'.

Allow me to read out this section from the second paragraph: "For, in the first place, however varied the useful kinds of labour or productive activities, may be, it is a physiological fact that they are functions of the human organization, and each such function, whatever may be its nature or form, is essentially the expenditure of human brain, nerves, muscles etc. Secondly, with regard to that which forms the ground-work for the quantitative determination of value, namely, the duration of that expenditure or the quantity of labour, it is quite clear that there is a palpable difference between its quantity and quality. Lastly, from the moment that men in any way work for one another, their labour assumes a social form" (*Capital I* p.71).

In the three points quoted, Marx indicates that we can observe the three characteristics of labour, social, equal and quantitatively divided, not only in commodity production, but also in other forms of production.

But, says Marx, "whence, then arises the enigmatical character of the product of labour, so soon as it assumes the form of commodities?" And he answers himself: obviously precisely from the form of commodities, in which the three characteristics of labour are already transformed, "reified," in the value of the products of labour. "The equality of all sorts of human labour is expressed objectively by their products all being equally values; the measure of the expenditure of human labour power by the duration of that expenditure, takes the form of the quantity of value of the products of

labour; and finally, the mutual relations of the producers, within which the social character affirms itself, takes the form of a social relation between the products." (*Capital I* p.72)

In these three points Marx already speaks of the substance, the magnitude and the form of value. His reasoning can be traced particularly clearly in the first edition of 'Capital', where the three sentences quoted are immediately followed by a whole page on the substance, magnitude and form of value. In the second edition the comments referring to the substance, magnitude and form of value are apparently omitted by Marx. In reality they were only deferred. The three paragraphs which precede the analysis of the various forms of production (Robinson's production, medieval production etc.) are devoted to the substance, the magnitude and the form of value[1].

We have now reached the conclusion that equal labour can mean firstly physiologically equal labour, which we have only briefly considered; secondly it can signify socially equated labour, and this kind of labour exists not only in commodity production, but also, let us say in a *socialist community or another large community which is based on the* social division of labour; and finally there is abstract universal labour, that is, socially equated labour in the specific form appropriate to commodity production, labour which becomes social and divided only by the process of social equation. Only this socially equated labour can be described as abstract or abstract-universal. We should mention here that Marx makes several allusions to the three kinds of equation of labour in the 'Critique of Political Economy', that is to physiological, social equalisation in general and social equalisation in commodity production. Marx does not draw any absolutely clear distinction it is true, but we should point out that he does distinguish three terms: human labour, equal and abstract universal labour. I would not maintain that these three terms coincide with those which we characterised earlier as physiologically equal labour, socially equalised and abstract labour, but there are some points of contact nevertheless.

In dealing with the problem of abstract labour, we cannot therefore stop at the preliminary characteristic of labour as physiologically equal, nor the characteristic of labour as socially equated. We have to make the transition from both these characteristics to a third, and investigate that specific form of equated labour which is peculiar to commodity production, that is, the system of the social division of labour based on exchange.

Consequently, not only are the followers of the physiological conception of abstract labour mistaken in our opinion, but also those comrades who understand abstract labour in general to mean socially equated labour independent of the specific social form in which this equation occurs.

We must add, that the two concepts of labour, physiologically equated and socially equated, are frequently confused, and not distinguished from one another sufficiently clearly. The concept of abstract universal labour naturally implies the physiological equality and the social equation of labour, but apart from these it also contains the social equation of labour in the quite specific form which it takes in commodity production.

We could give many quotations from Marx himself to show how he is crudely misconstrued by the followers of the physiological conception of abstract labour. I should like to read just one very characteristic quotation here. In his short sketch of

[1] A whole paragraph is devoted to the substance of value, beginning with the words: "Hence, when we bring the products of our labour into relation with each other as values, it is not because we see in these articles the material receptacles of homogenous human labour." (p.74). The following paragraph is devoted to the magnitude of value, and the next to the form of value.

Franklin's views Marx says that Franklin unconsciously reduced all the forms of labour to one aspect, being uninterested in whether the labour was that of a shoemaker, a tailor, etc. Franklin believed that value is determined "by abstract labour, which has no particular quality and can thus be measured only in terms of quantity." Franklin recognised abstract labour. "But," Marx added, "since he does not explain that the labour expressed in exchange value is abstract universal social labour, which is brought about by the universal alienation of individual labour, he is bound to mistake money for the direct embodiment of this alienated labour." (*Critique* p.56-57).

It is obvious here that Marx is contrasting abstract labour with abstract universal labour. The abstract universal labour which is embodied in value is the labour which is specifically appropriate to commodity production.

We now reach the conclusion: that if we analyse the problem of the relation between labour and value from the standpoint of the dialectical method as well as the analytical, then we must take the concept of labour as the starting point and develop the concept of value from it.

If we follow the analytical method, start out from value and ask ourselves what lies beneath this concept, we can certainly say that physiologically equal labour and socially equated labour are concealed beneath the value of products. But neither answer will be adequate, since there is no way to make the transition from physiologically equal labour or from socially equated labour to value.

In order to arrive at the concept of value dialectically from the concept of labour, we must also include in the concept of labour those features which characterise the social organization of labour in commodity production and necessitate the appearance of value as the particular social form of the product of labour. Consequently this concept of abstract universal labour must be far richer than both the concept of the physiological equality of labour and the concept of the social equation of labour in general.

II

We moved from physiologically equal labour to socially equated labour, and from socially equated to abstract universal labour. We enriched our definition of labour by new characteristics in the three stages of our investigation and only when we moved on to the third stage and defined labour as abstract universal, from which the category of value must necessarily follow, was it possible for us to move from labour to value.

We could define abstract labour approximately as follows:

Abstract labour is the designation for that part of the total social labour which was equalised in the process of social division of labour through the equation of the products of labour on the market.

In my book 'Essays on Marx's Theory of Value' I gave more or less this definition. I think it is necessary to add that the social nature of abstract labour is not limited by the fact that the concept of value necessarily follows from this concept. As I have already outlined in my book, the concept of abstract labour leads unconditionally to the concept of money also, and from the Marxian standpoint that is entirely consistent. In reality we defined abstract labour as labour which was made equal through the all round equation of all the products of labour, but the equation of all the products of labour is not possible except through the assimilation of each one of them with a universal equivalent. Consequently the product of abstract labour has the ability to be assimilated with all the other products only in the form that it appears as

universal equivalent or can potentially be exchanged for a universal equivalent.

One can see particularly clearly in the 'Critique of Political Economy' that the concept of abstract labour is inseparably tied to that of the universal equivalent for Marx.

There Marx approaches the study of abstract labour as follows. As in 'Capital', he starts out from the commodity or value, and uncovers analytically the abstract universal labour which lies beneath value (Studienausgabe p.235). After he has moved by analysis from the equality of values to the equality of labour he goes on to a detailed sociological characterisation of this equal labour, of the "social categories of labour," "social ... in the particular sense" which is appropriate to commodity production. (*Critique* p.31). In commodity production the social character of labour is expressed by "the labour of the individual assuming the abstract form of universal labour, or his product assuming the form *of universal equivalent:* (*Critique* p.33-34)."The universal labour-time finds its expression in a universal product, a universal equivalent." (*Critique* p.32). "The labour of an individual can produce exchange value only if it produces *universal equivalents*" (*Critique* p.32).

As we can see, Marx links the category of abstract labour inseparably with the concept of the universal equivalent, or money. We therefore have to carry the social characterisation of abstract labour still further and deeper, and not confine ourselves to the assimilation of labour through the equation of its products. We must add that labour becomes abstract through being assimilated with a particular form of labour, or through the assimilation of its product with a universal equivalent, which was therefore regarded by Marx as the objectification or materialisation of abstract labour.

From this standpoint, an interesting parallel between Marx and Hegel opens up here. The term 'abstract universal' itself, as we know, is reminiscent of Hegel, who distinguishes the abstract universal from the concrete universal. The distinction between the two can be reduced to the fact that the concrete universal does not exclude the differences between the objects which are included within this universal aspect, while the abstract universal excludes such differences.

In order to understand why Marx describes the equated labour of commodity producers as the abstract universal, we have to compare the process of equation of labour in a socialist community with the process of equation of labour in commodity production. We will notice the following distinction. Let us assume that some organ compares the various kinds of labour one with another in a socialist community. What happens here? This organ takes all these kinds of labour in their concrete useful form, since it links them in precisely this form, but it abstracts one of their aspects and says that these kinds of labour are equal to each other in the given circumstances. In this case the equality appears as a characteristic of these concrete kinds of labour, as a characteristic which was abstracted from these forms; but this universal category of equality does not destroy their concrete difference, which manifests itself as useful labour.

In commodity production comparison of this kind is impossible, since there is no organ which consciously equates all these kinds of labour. The labour of a spinner and that of a weaver cannot be equated, so long as they are concrete useful labour. Their equation results only indirectly through the assimilation of each with the third form of labour, namely 'abstract universal' labour (cf. *Critique*). This determined kind of labour is 'abstract universal' (and not concrete universal) precisely because it does not include the distinctions between the various concrete kinds of labour but precludes these divergences: this kind poses all the concrete kinds of labour in that it

appears as their representative.

The fact that in this case Marx intended the distinction between the abstract universal and the concrete universal, which occurs in Hegel, can be seen clearly in the first edition of 'Capital' where in general the traces of Hegelian concepts and Hegelian terminology stand out far more distinctly than in the second. Here there is a paragraph which reads:

> Within the value-relation and the value expression included in it, the abstractly general accounts 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 inversion, by which the sensibly-concrete counts only as the form of appearance of the abstractly general and not, on the contrary, the abstractly general as property of the concrete, characterises the expression of value. At the same time, it makes understanding it difficult. (*The Value Form,* pp.39-140).

At another point Marx says:

> It is as if together with and besides lions, tigers, hares and all the other real animals, which as a group form the various genuses, species, subspecies, families etc of the animal kingdom, there also existed the Animal, the individual incarnation of the whole animal kingdom. (_Kapital 1_st ed. p.234).

To decipher this statement by Marx, we must say that in commodity production the abstract universal really appears not as characteristic or attribute of the concrete, the sensuous-real (i.e. of the concrete modes of labour), since in order to abstract the specific universal features from these concrete modes of labour, it would need a unified organ, which does not exist in commodity production. The concrete kinds of labour are therefore not assimilated one with another through abstraction of some universal characteristics, but through comparison and equation of each of these kinds with a particular determined concrete kind which serves as phenomenal form of universal labour. In order that concrete labour becomes universal, universal labour must appear in the form of concrete labour, "if the individual's labour time represents universal labour time, or if universal labour time represents individual labour time" (*Critique* p.32).

It is only in the light of these comments by Marx, which show clear traces of Hegel's influence, that we can understand the passages from the Critique which we mentioned earlier, in which Marx says that labour only becomes social in commodity production by assuming the form of abstract universality.

This idea is generally related to Marx's views on bourgeois society. In his earlier works, in the 'German Ideology' for example, he expresses the idea that in bourgeois society, where a central social organization of production is lacking, the representation of the social interest always falls to some single organization, to a group of people, to a single class. This single social class declares its partial interests to be the interests of the whole society and lends its ideas 'the form of universality'. The particular interest is expressed as the general interest and the general as the dominant (German Ideology, I. Collected Works Vol. V p.60). If we compare these remarks by Marx in the Critique with those statements where he says that social labour assumes "the abstract form of universality" and that the value of a commodity assumes the form of a particular determined commodity, the form of money, then the close ideal

relationship of these concepts becomes evident.

To conclude the problem of abstract labour, I must take up two criticisms, which have been made against me, in the article by Daschkowski[2], and by various other comrades.

The first criticism was that I apparently seek to substitute for abstract labour the process of abstraction from the concrete characteristic attributes of labour, that is, that I seek to replace abstract labour with the social form of the organization of labour.

Admittedly, a substitution of this kind, if it had really occurred, would deviate from Marxist theory. But we maintain that the character of people's relations of production in commodity production unconditionally means that labour, both in its qualitative and its quantitative aspect, finds its expression in value and in the magnitude of value of a commodity. If instead of abstract labour we take only the social form of the organization of labour, it would only help us to explain the 'form of value', i.e. the social form, which a product of labour assumes. We could also explain why a product of labour assumes the form of a commodity which possesses a value. But we would not know why this product assumes this given quantitatively determined value in particular. In order to explain value as the unity of the form of value, the substance of value and the magnitude of value, we have to start out from abstract labour, which is not only social, and socially equated but also quantitatively divided.

One can find formulations in Marx himself, which, if one chose, would be sufficient reason to say that Marx substituted the social form of labour for labour itself. Since it would be tedious to refer to the various points in Marx, I should just like to mention one passage which, if written by anyone but Marx, would sound heretical. The sentence runs: "The labour which posits exchange value is a specific social form of labour" (*Critique* p.36). In the same place Marx says in a footnote that value is the social form of wealth. If one combines these two statements, then instead of the thesis that labour creates value, we have the thesis that the social form of labour produces the social form of wealth. Some critic would well say that Marx replaces labour completely with the social form of labour: which Marx obviously did not intend.

I should now like to turn to the second criticism. It has been said that my explanations give rise to the impression that abstract labour is only produced in the act of exchange. One could conclude from this that value also is only created in exchange, whereas from Marx's standpoint, value and consequently abstract labour too must already exist in the process of production. This touches on the profound and critical problem of the relations between production and exchange. How can we resolve this difficulty? On the one hand value and abstract labour must already 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.

Allow me to quote a few examples. I should like to come back to Franklin. Marx says: "But since he does not explain that the labour contained in exchange value is abstract universal social labour, which is brought about by the universal alienation of individual labour ..." etc. (*Critique* p.56). Franklin's main mistake consequently was that he disregarded the fact that abstract labour arises from the alienation of individual labour.

This is not a question of an isolated comment by Marx. We will show that in the later editions of 'Capital', Marx increasingly stressed the idea that in commodity

[2] This refers to an article by I. Daschkowski *Abstraktuy trudi eknonomitscheskije kategorii Marksa* ("Abstract Labour and Economic Categories in Marx") in *Pod Znamenem Marksizma 6*, Moscow, 1926.

production only exchange reduces concrete labour to abstract labour.

To return to our earlier comments: “Hence when we bring the products of our labour into relation with each other as values, it is not because we see in these articles the material receptacles of homogeneous human labour. Quite the contrary: whenever, by an exchange we equate as values our different products, by that very act, we also equate as human labour, the different kinds of labour expended upon them.” (*Capital I* p.74).

In the first edition of ‘Capital’ this sentence had a completely opposite meaning. Marx wrote: “When we bring our products into relation with each other *as values* to the extent that we see these articles *only* as *material receptacles* of homogenous human labour ...” etc. (p.242).

In the second edition Marx altered the sense of this sentence completely, fearing that he would be understood to mean that we consciously assimilate our labour as abstract labour in advance, and he emphasised the aspect that the equation of labour as abstract labour only occurs through the exchange of the products of labour. This is a significant change between the first edition and the second. As you will know, Marx did not confine himself to the second edition of the first volume of ‘Capital’. He corrected the text subsequently for the French edition of 1875, and wrote that he was making corrections which he was not able to make in the second German edition. On this basis he assigned to the French edition of ‘Capital’, an independent scientific value equal to the German original. (cf. *Capital I* p.22).

In the second edition of ‘Capital’, we find the famous phrase:

> The equalisation of the most different kinds of labour can be the result only of an abstraction from their inequalities, or of reducing them to their common denominator viz. expenditure of human labour power or human labour in the abstract (cf. *Kapital* p.87)

In the French edition Marx replaces the full stop at the end of this sentence with a comma and adds “... and only exchange produces this reduction, by bringing the products of the most diverse kinds of labour into relation with each other on an equal footing” (*Le Capital I* p.70).

This insertion is highly indicative and shows clearly how far removed Marx was from the physiological conception of abstract labour. How can we reconcile these observations by Marx, of which there are dozens, with the basic thesis that value is created in production?

This should not be too difficult. The point is that the comrades who discussed the problem of the relationship between exchange and production did not in my view distinguish sufficiently clearly between the two concepts of exchange. We have to distinguish exchange as social form of the reproduction process from exchange as a particular phase of this reproduction process, which alternates with the phase of direct production.

At first glance, exchange seems to be a separate phase in the process of reproduction. We can see that a process first takes place in direct production and is then followed by the phase of exchange. Here, exchange is separate from production, and counterposed to it. But exchange is not only a separate phase in the process of reproduction, it stamps the whole process of reproduction with its specific mark and represents a particular social form of the social process of production. Production based on private exchange: Marx frequently characterised commodity production with these words.

To make this point clearer, I will quote Marx's words from the third volume of the 'Theories of Surplus Value' that "Exchange of products as commodities is a method of exchanging labour, [it demonstrates] the dependence of the labour of each upon the labour of the others, [and corresponds to] a certain mode of social labour or social production" (*Theories of Surplus Value* vol. 3 p.129). Here too we find a statement which explains why Marx regarded exchange as a social form of labour:

> The whole economic structure of society revolves round the *form of labour,* in other words, the form in which the worker appropriates his means of subsistence. (*Theories of Surplus Value* p.414)

Let us ask now in exactly what form the labourer acquires his means of subsistence in commodity production. We repeatedly find the following answer to this question in Marx: In commodity production the only form of appropriation of products is the form of their alienation and, because the form of the appropriation of products is the form of social labour, so alienation, exchange, is a determined form of social labour which characterises commodity production.

If one takes into consideration that exchange is the social form of the production process itself, the form which stamps its mark on the course of the production process itself, then many of Marx's statements become completely clear. When Marx constantly reiterates that abstract labour only results from exchange, he means that it is the result of a given social form of the production process. Labour only takes the form of abstract labour, and the products of labour the form of values, to the extent that the production process assumes the social form of commodity production, i.e. production based on exchange.

Thus exchange is the form of the whole production process, or the form of social labour. As soon as exchange really became dominant form of the production process, it also stamped its mark on the phase of direct production. In other words, since today is not the first day of production, since a person produces after he has entered into the act of exchange, and before it also, the process of direct production also assumes determined social characteristics, which correspond to the organization of commodity production based on exchange. Even when the commodity producer is still in his workshop and has not yet entered into a relationship of exchange with other members of the society, he already feels the pressure of all those people who enter the market as his customers, competitors or people who buy from his competitors, and ultimately pressure from all the members of the society. This link through production and these production relations, which are directly regulated in exchange, continue to be effective even after the specific concrete acts of exchange have ceased. They stamp a clear social mark both on the individual and on his labour and the product of his labour. Already in the very process of direct production itself the producer appears as producer of commodities, his labour assumes the character of abstract labour and the product assumes the character of value.

Here it is necessary to guard against a mistake which is made by many comrades. Many think that because the process of direct production already has a particular social characteristic, the products of labour, and labour in the phase of direct production, must also possess precisely these social characteristics which they possess in the phase of exchange. Such an assumption is totally false, even though both phases (production and exchange) are closely connected to each other, nevertheless the phase of production does not become the phase of exchange. There is not only a certain similarity between the two phases, there is still a certain distinction too. In other words, on the one hand, we recognise that from the moment when exchange

becomes the dominant form of social labour, and people produce specifically for exchange, that is in the phase of direct production, the character of products of labour can already be regarded as values. But the characteristic of the products of labour as values is not yet that which they assume when they are in fact exchanged for money, when, in Marx's terms, the 'ideal' value has been transformed into 'real' value and the social form of the commodity is replaced by the social form of money.

The same is also true of labour. We know that commodity owners in their acts of production take the state of the market and of demand into account during the process of direct production, and from the start produce exclusively in order to transform their product into money and thus also transform their private and concrete labour into social and abstract labour. But this inclusion of the labour of the individual in the labour mechanism of the whole society is only preliminary and tentative. It is still subject to a strict test in the process of exchange which can give positive or negative results for a particular commodity producer. Thus the labour activity of the commodity producers in the phase of production is directly private and concrete labour and only indirectly or latently, as Marx puts it, social labour.

Thus when we read Marx's work, and particularly his descriptions of the way in which exchange influences value and abstract labour, we must always ask what Marx had in mind in a particular case – exchange as a form of the production process itself, or exchange as a separate phase counterposed to the phase of production.

In so far as exchange as a form of the production process is concerned, Marx distinctly says that without exchange there is neither abstract labour nor value, that labour only assumes the character of abstract labour with the development of exchange. Marx's views are quite clear and I have developed them in my book.

Where Marx refers to exchange as a separate phase counterposed to the phase of production, he says that labour and the product of labour possess a determined social character even before the process of exchange, but that this character must yet be realised in the process of exchange. In the process of direct production labour is not yet abstract labour in the full sense of the word, but has still to become abstract labour. Numerous statements to this effect can be found in Marx's work. I should like to quote just two passages from the 'Critique'.

> But the different kinds of individual labour represented in these particular use-values, in fact, become labour in general, and in this way social labour, only by actually being exchanged for one another in quantities which are proportional to the labour-time contained in them (*Critique* p.45)

Elsewhere Marx writes:

> Commodities now confront one another in a dual form, really as use-values, and nominally as exchange values. They represent now for one another the dual form of labour contained in them since the particular concrete labour actually exists as their use-value, while universal abstract labour time assumes an imaginary existence in their price... (*Critique* p.68)

Marx maintains that commodities and money do not lose their differences because of the fact that every commodity must unconditionally be transformed into money. Each is in reality what the other is ideally, and ideally what the other is in reality. All Marx's writing on this show that we must not approach this problem too linearly. We should not think that because commodity producers are already linked to one

another by determined social relations in the process of direct production, therefore their products and their labour already possess a directly social character. The labour of a commodity producer is directly private and concrete labour, but together with this it acquires an additional 'ideal' or 'latent' characteristic as abstract universal and social labour. Marx was always amused by the Utopians who dreamed of the disappearance of money and believed in the dogma that "the private labour of a private individual contained in (a commodity) is immediately social labour" (*Critique* p.86)

We thus come to these conclusions: Abstract labour and value are created or "come about," "become" in the process of direct production (Marx used the expression "werden" more frequently for this process) and are only realised in the process of exchange.

III

We have spoken up till now of abstract labour. I should now like to move on to value. Our task is the same in regard to the problem of value as it was with abstract labour. I tried to show that within the concept of abstract labour we must also include the characteristic of the social organization of labour in commodity production. In the same way I should like to show that within the concept of value we must necessarily include the social form of value, the social form which the products of labour assume in commodity production.

The task which lies before us is to introduce social form into the concept of abstract labour and the concept of value.

How is value usually defined, as distinct from exchange value?

If we take the most popular and widespread conceptions, we can certainly say that value is usually understood as the labour which must necessarily be expended for the production of a particular commodity. The exchange value of a particular commodity is understood as the other product or other sum of money, for which a particular commodity is exchanged. If a particular table was produced in three hours' labour and is exchanged for three chairs, then one usually says that the value of the table is equal to three hours of labour, and finds its expression in another product, which is different from the table itself, that is, in these three chairs. The three chairs represent the exchange value of the table.

In this kind of popular definition it is usually unclear whether the value is determined by the labour or whether the value is the labour itself. Naturally from the standpoint of Marx's theory it is correct to say that value is determined by labour. But then the question arises: What is this value, which is determined by labour? We cannot usually find any adequate answer to this in popular scientific explanations.

Hence the readers form the impression that the value of a product is nothing other than the labour which must be expended in its production. The deceptive impression of the complete identity of labour with value is created.

This idea is very widespread in anti-Marxist literature. One can say that the majority of the misunderstandings and misinterpretations which we came across in anti-Marxist literature rest on the false assumption that for Marx labour is also value.

This false impression frequently arises from the lack of understanding of the terminology and the train of thought in Marx's work; for instance Marx's famous words that value is 'congealed' or 'crystallised' labour is usually construed to mean that

labour is also value.

This misconception is fostered by the ambiguity of the Russian verb for 'represent' (darstellen). Value 'represents labour'. But the Russian translation can be read not only as meaning that value is the representative or expression of labour – the only conception which is consistent with Marx's theory, but also as meaning that value 'is' labour: This idea is very widespread in the critical literature directed against Marx, and is obviously wrong.

The critics who interpret Marx's statements that labour constitutes the substance of value to mean the complete identity of the two concepts, do not notice the fact that in this case Marx borrowed Hegel's terminology. Anyone who knows Hegel's 'Logic' with the theory of essence, will remember that Hegel uses various terms when he attempts to clarify the relationship between two objects, one which determines and one which is to be determined. He first says that an object appears as the essence of the other, then he defines it as the ground for the latter object, next he describes it as content as distinct from form, later he regards this same object as substance, as cause and finally he moves on to consider the interrelation between two objects. It is an interesting fact that in Marx's works, the whole scale of expressions which we meet in Hegel can be found, now applied to labour. Labour is also described as the essence of value, and as its ground, its content, its substance and its cause. We have to link all these expressions with the methodological principles on which Hegel's theory is based, and it then becomes clear that Marx's thesis that labour is the substance of value, can in no way be interpreted to mean the complete identity of the two.

In my book I advanced this particular thesis in the chapter on the content and form of value. I was mainly trying to show that labour is only substance of value, but does not yet represent value. In other words, when Marx's critics say: 'In Marx's writings the substance of value is labour, consequently labour is value', it must be emphasised that labour is only substance of value, and that in order to obtain value in the full sense of the word we have to add something to labour as the substance of value, namely the social form of value. Only then do we obtain the concept of value in the sense in which it is found in Marx's work.

What then does value represent as the unity of the content or substance (i.e. labour) and the form of value? What is this value as distinct from exchange for Marx? To find an answer to this problem we have to ask the question: How does Marx move from exchange value to value? Why does he find it necessary to form a new and more abstract concept of value, in conjunction with exchange value which appears in reality in the act of exchange?

You will probably know that Marx had not yet made any clear distinction between exchange value and value in the 'Critique of Political Economy'. In the 'Critique' Marx begins his interpretation with exchange value, and from there passes on to value (which he calls exchange value). This transition is entirely imperceptible, smooth and apparently self evident.

In 'Capital' Marx makes this transition completely differently and it is very interesting to compare the first two pages of the 'Critique' with those of 'Capital'.

The first two pages in both books correspond completely; in both alike the exposition begins with use value and moves on to exchange value. The sentence that exchange value at first sight presents itself as a quantitative relation, as proportion, is found in both books but from then on the texts begin to diverge. While Marx passes imperceptibly from exchange value to value in the 'Critique', in 'Capital' the opposite

is the case, as if he intends to linger on this point, foreseeing the objections from his opponents. After the sentence mentioned above, Marx comments: "Hence exchange value appears to be something accidental and purely relative, and consequently an intrinsic value, i.e. an exchange value that is inseparably connected with, inherent in commodities, seems a contradiction in terms" (*Capital I* p.36). Let us take a closer look. As we can see, Marx had in mind an adversary who wanted to prove that nothing exists beyond relative values, that the concept of value in political economy is utterly superfluous. Who was this adversary to whom Marx was referring?

I would rather not commit myself so precisely, but I assume that this adversary was Bailey, who tried to prove that the concept of value in general is unnecessary in political economy, and that we should confine ourselves to the observation and investigation of particular proportions, in which the various commodities are exchanged. Bailey met with great success with his superficial but witty critique of Ricardo, and attempted to undermine the foundations of the labour theory of value. He maintained that we cannot speak of the value of a table, but that we can only say that the table is exchanged for three chairs on one occasion, for two pounds of coffee on another occasion etc. The magnitude of the value of the table is purely relative and varies in different cases. From this Bailey drew the conclusion which led him to deny the concept of value where the concept of value differs from the relative value of a particular product in a given act of exchange. Let us imagine the following case: the value of a table is equal to three chairs. After a year this table is exchanged for six chairs. We think we can say that although the exchange value of the table has altered, its value has remained unchanged, only the value of the chairs has fallen to half their former value. Bailey finds this assertion meaningless. If the chairs' relation of exchange to the table has changed, then the table's relation of exchange to the chairs has changed, and the value of the table consists only in this.

In order to refute Bailey's theory, Marx thought it necessary to develop the thesis that we cannot understand exchange value unless it is traced back to an underlying unity of value. The first section of the first chapter of 'Capital' is devoted to establishing a basis for this idea, of making the transition from exchange value to value and from value to the unity which lies behind it, to labour. The second section is an extension of the first, in that it simply explains the concept of labour in more detail. We can say that Marx makes the transition from the diversity which is observable in the sphere of exchange values to the underlying unity behind all exchange values, that is to value (and ultimately to labour). Here Marx demonstrates the incorrectness of Bailey's conception of the possibility of confining our investigation to the sphere of exchange value. In the third section Marx retraces the journey and explains how the unity of value of a specific product is expressed in its various exchange values.

Previously Marx had moved from diversity to unity; now he moves from unity to difference. Earlier he refuted Bailey's theory; now he supplements Ricardo's theory, in which the transition from value to exchange value was missing. To refute Bailey's theory Marx had to develop Ricardo's theory further.

In fact, Bailey's intention of proving that no value exists except exchange value was made easier by the one-sidedness of Ricardo, who could not show why value appears in a determined form of value. Marx was therefore confronted with two tasks: 1) to prove that behind exchange value we have to discover value and 2) to prove that value leads necessarily to different forms of its manifestation, to exchange value. In this present lecture I should like to deal only with the former task, as it is my concern to clarify the concept of value. A complete elucidation of the concepts of exchange value and money would take me beyond the confines of my theme.

How then does Marx makes the transition from exchange value to value? Critics and commentators on Marx usually suppose that his main argument consists in the well known comparison of corn and iron, on the third page of the first volume of 'Capital' (*Capital I* p.37). When one equates corn and iron, Marx concludes, then there exists in equal quantities something common to both, the two things must be equal to a third and this third thing is their value. This is usually thought to constitute Marx's central argument and the critical blows of his adversaries are usually directed against this argumentation. There is no work hostile to Marx which does not make some reference to Marx's attempt to prove the necessity of the concept of value by a purely abstract analysis.

But they completely overlooked this fact: the paragraph which deals with the comparison of corn with iron is no more than a conclusion following on from the previous paragraph, which is usually disregarded, not only by the critics but by commentators on Marx also.

The previous paragraph reads:

> A given commodity, e.g. a quarter of wheat is exchanged for 20 pounds blacking, 1.5m silk or 1/2 oz gold etc; in short for other commodities in the most different proportions. But the exchange value of the quarter of wheat remains unchanged, and is expressed only in the blacking, the silk and the gold. Consequently the exchange-value must contain something distinguishable from these phenomenal forms. (*Capital I* p.37)

Marx worked on this paragraph with care and gave different variations in various editions. We quoted the passage in the Russian translation of the German edition which was edited by K. Kautsky. We can follow the reasoning even more clearly in the second edition of 'Capital', where the end of this passage reads:

> But since x blacking, y silk or z gold etc. each represent the exchange value of one quarter of wheat, x blacking, y silk, z gold etc. must as exchange values be replaceable by each other or equal to each other. Therefore first: the valid exchange values of a given commodity express something equal. (*Capital I* p.37)

In other words two commodities which are equal to our given commodity, the wheat, are equal to each other. If we take this conclusion into consideration, as emphasized by Marx in the variations quoted, we can see that the next paragraph follows in logical sequence. If follows from this that one and the same commodity can be expressed in the most different use-values. In the paragraph quoted, Marx comes to the conclusion that two commodities, which are exchanged for one and the same commodity, or are equal to a third, are equal to one another. From this follows also with logical necessity the converse conclusion, which Marx reaches in the next paragraph: if two commodities are equal to one another, then they are equal to a third. It is this thought which Marx expresses in the paragraph where he compares the wheat with the iron. Thus Marx's thesis that two commodities which are equal to one another must also be equal to any third is simply a logical conclusion of the previous thesis, according to which two commodities which are equal to a third, are equal to each other. The true sense of Marx's argumentation consists in the statement of a well known fact about commodity production, the fact that commodities can be equated with each other and that a specific commodity can be assimilated with infinite numbers of other commodities. In other words, it is the concrete structure of commodity production which forms the starting point of all Marx's reflections and in no way the

purely logical comparison of two commodities.

Marx thus starts out from the fact of the universal equalisation of all commodities with each other, or from the fact that every commodity can be compared with a vast number of other commodities. Nevertheless this assumption alone is not adequate for all the conclusions Marx draws. There is another tacit assumption underlying these which Marx expressed elsewhere.

The second assumption consists in this: we assume that the exchange of a quarter of wheat for any other commodity, is an exchange which is governed by a known regularity (*Gesetzmässigkeit*), and the regularity of these acts of exchange is due to their dependence on the process of production. We have to reject the notion that the quarter of wheat can be exchanged for any random quantity of iron, coffee etc. We cannot agree with the assumption that the proportions of exchange are laid down each time in the act of exchange itself, and so have a completely accidental character. We maintain that all these possibilities for the exchange of a specific commodity with another, are governed by a determined regularity which is based in the process of production. In this case Marx's whole argumentation takes the following form:

Marx says: let us take not the accidental exchange of two commodities wheat, and iron, but exchange in the form in which it actually occurs in commodity production, and then we will see that each object can be universally equated with all other objects; in other words, we can observe countless numbers of proportions of exchange of a given product with all others. But the proportions of the exchange are not accidental, they are regular, and their regularity is determined by causes which are grounded in the process of production.

Thus we reach the conclusion, that independently of the fact that the value of a quarter of wheat is expressed on one occasion as two pounds of coffee, on another as three chairs etc., the value of a quarter of wheat remains one and the same in all the different cases. If we were to assume that a quarter of wheat has a different value in each of the infinite number of proportions of exchange – and Bailey's assertions amount to this – then we would be acknowledging that complete chaos reigns in the phenomenon of price formation, in that sublime phenomenon of exchange of products, through and by means of which a universal inter-relation of all modes of labour is established.

We can draw certain conclusions from the train of thought which led Marx from exchange value to value. I came to one conclusion earlier, when I referred to the fact that Marx makes commodity production with its universal equation of all products the starting point of his enquiry, an equation which is closely connected with the course of the production process. Marx does not set out from the contrived example of a random comparison of two commodities, nor from a purely logical analysis of all the characteristics which they may have in common, but from the real form of the exchange of products which is characteristic of commodity production. Our second conclusion comes down to this: when Marx compares wheat with iron, he finds in both something 'common' and in this 'common' factor he recognizes the value of the products. In the popular literature, one cannot find a clear answer to the question as to what is the 'common' factor in the exchangeable products to which Marx refers. Sometimes it is correctly seen as value, sometimes though it is identified with labour. If we turn to Marx, we find a clear answer to the question, on the fifth page of 'Capital': "Therefore, the common substance that manifests itself in the exchange value of commodities, whenever they are exchanged, is their value." (*Capital I* p.38). Marx therefore does not move directly from exchange value to labour. From exchange value he moves to the concept of value and then only by further analysis, from the

concept of value to labour. Strictly speaking there are three stages in the chain of reasoning, as it moves from exchange value to value and from value to labour.

The conclusion I should like to draw from this, comes down to the fact which we discussed previously, – that the concept of value must be strictly distinguished from the concept of labour, although there is a tendency, particularly in popular interpretations to explain them as identical.

But what then is this value, which we obtained by abstraction from the concrete proportions of exchange, in which our quarter of wheat is equated with other products. Although we are now abstracting from those concrete products, for which our quarter of wheat is exchanged, nevertheless we do not abstract from the social form of value, which this quarter of wheat possesses, that is, we hold that our quarter of wheat has the capacity to be exchanged in a determined proportion for any other product which exists in the particular society.

Further, we consider the product's capacity for exchange to be its characteristic feature, which is subjected to determined laws, and is in particular closely linked with the conditions of manufacture of a specific product. In other words, no longer does the concept of the social labour necessary for its production alone form part of our concept of the value of wheat. The concept of social labour which assumes 'material form', the form of a particular property of a product, is also included together with the 'content of value' and the 'form of value'. I should like to give one quotation to show that Marx distinguishes value from labour as the content of value.

> Every product of labour is, in all states of society, a use value; but it is only at a definite historical epoch in a society's development that such a product becomes a commodity, viz., at the epoch when the labour spent on the production of a useful article becomes expressed as one of the objective qualities of that articles i.e. as its value. (*Capital* p.61)

Thus the content of value (i.e. labour) and the social form of value are also included in the concept of value. What then is this 'form of value' which as distinct from exchange value is a part of the concept of value itself?

I should like to give one very clear definition of the form of value from the first edition of 'Capital': "The *social form* of the commodity and the *form of value* or *form of exchangeability* are therefore one and the same" (*Studienausgabe* p.235). As may be seen, the form of value is the description of the form of exchangeability or the social form of the product of labour which contains the capacity to be exchanged for any other commodities, in so far as this capacity is determined by the quantity of labour necessary for the production of a specific commodity. In this way, we did not depart from the social form of the product of labour when we made the transition from exchange value to value. We have only abstracted from that concrete product, in which the value of the commodity is expressed, but we never lost sight of the social form of the product of labour.

Our conclusion can also be formulated thus: Marx analyses the 'form of value' separately from exchange value. In order to introduce the social form of the product of labour in the concept of value itself, we were forced to split or divide the social form of the product of labour into two forms: into the form of value and into exchange value, the former meaning the social form of the product which has not yet concertized in a specific object, but represents as it were the abstract character of a commodity. I have also explained this distinction between the form of value and exchange value in my book. There I considered them both as qualitative and quantitative aspect of exchange value, it is true. I did this mainly because in some places in

Marx's work, the terms form of value and exchange value are scarcely distinguished from one another. A complete identification of the form of value with the qualitative aspects and of exchange value with the quantitative cannot be regarded as correct, since both concepts must be considered both from their qualitative as well as from their quantitative side.

The question does not bear directly on our theme and I will therefore not spend any more time on it. I will simply note that this division of the social form of the product into the form of value and exchange value is extensively dealt with in my book. I had to introduce the characteristics of the social form of the product of labour into the concept of value itself, and thus demonstrate the inadmissibility of an identification of the concept of value with the concept of labour, an identification frequently made by popular scientific interpretations of Marx's theory. In other words: I had to demonstrate that value arises not only from the substance of value (i.e. labour) but also from the 'form of value', and in order to introduce the form of value into the concept of value itself, I had to distinguish it from exchange value, which Marx considers separately from value. I had to divide the social form of the product into two parts: into social form, which has not yet acquired a concrete appearance, and into that form which has already acquired a concrete and independent character.

Now that the distinction between the form of value and exchange value has been clarified, I should like to turn to the concept of value and develop the relationship between its various aspects: between the content or substance of value and the form of value.

What relation exists between labour and that social form of value with which we have dealt? The general answer to this question runs: the form of value is the adequate and exact form of the expression of what is contained in value (i.e. labour).

In order to explain this idea, we must come back to an earlier example: a table was exchanged for three chairs. We say that this process of exchange is subject to a determined regularity, and dependent on the development of and the alterations in the productivity of labour. But exchange value is a social form of the product, which not only expresses the alterations in the labour, but also conceals and obscures these very changes. It obscures them for the simple reason that exchange value is the relation between two commodities, between the table and the chairs, and therefore the alteration of the proportions of exchange between these two articles gives us no information about whether the labour expended on the making of the table has actually altered. If the table can be exchanged for six chairs after some time has elapsed, then the exchange value of the table has altered, while the value of the table itself may not have changed one iota. In order to examine the process whereby the change in the social form of the product depends on the quantity of labour expended in its making, in its pure form, Marx had to separate the phenomenon as it exists *into two parts*. He had to cut it across and say that we must study separately those causes which determine the value of the table, and those which determine the value of the chairs, and that one and the same phenomenon of exchange (the fact that the table can now be exchanged for six chairs instead of for three) can either be caused by reasons connected with the table, or by reasons stemming from the conditions of the production of the chairs. To examine the activity of each of these causal chains separately, Marx had to split the fact of the change in the exchange value of the table into two parts and assume that these changes are exclusively caused by reasons effective on the side of the table, i.e. through a change in the productivity of the labour necessary for the production of the table. In other words he had to assume that all the other commodities for which our table is exchanged maintained their original value.

Only on this assumption does the change in the value of the table follow from the change in the quantity of labour necessary for its production, and the social form of labour proves to be a more precise and adequate expression of the content of value or the substance of value (that is of the quantity of labour expended in the process of production).

The determination of value as unity of content (i.e. labour) and social form of value, carries the following advantages. We can break with the widespread identification of value with labour straight away, and so determine the relation of the concept of value to the concept of labour more correctly. On the other hand we can also determine the relation between value and exchange value more correctly. Formerly, when value was regarded simply as labour and had not yet assumed more precise social characteristics, this value was on the one hand identified with labour, and on the other hand separated from exchange value by an abyss. Economists often saw only labour in the concept of value and could not make the transition from this concept to the concept of exchange value. Now, regarding value as the unity of content and form, we link value through its content with the preceding concept, with labour; on the other hand though, we link the concept of value through the form of value with what follows, with exchange value. In fact when we maintain that value is not labour in general, but labour which has assumed the form of the exchangeability of the product, then we necessarily have to make the transition from value to exchange value. Thus the concept of value is inseparably linked with, on the one hand, the concept of labour, and, on the other, with the concept of exchange value. But the inseparable connection of all these concepts should not lead to their identification with each other. We regard value as social labour which has assumed the form of an 'objectified' property of the product of labour, or as the property of the product to be able to be exchanged for any other product, in so far as this property of the product depends on the quantity of social labour necessary for its production.

In conclusion I should like to point out that the ability to split the social form of the product into two parts (the form of value and exchange value, the former itself belonging to the concept of value, while exchange value is only a phenomenal form of value) possibly recalls an analogous procedure in Hegel's writing. Although Marx does not refer anywhere to a connection between his concept and Hegel's philosophy, one can find an essential similarity between the division of the social form in Marx's work, and Hegel's theory of the 'doubling of the form'. I should like to quote a few lines from the so-called small 'Logic' by Hegel:

> The essential point to keep in mind about the opposition of form and content is that the content is not formless, but has the form in its own self, quite as much as the form is external to it. There is thus a doubling of form. At one time it is reflected into itself; and then is identical with the content. At another time it is not reflected into itself, and then is the external existence, which does not at all effect the content. (*Hegel*'s *Logic,* Clarendon Press, Oxford 1975 p.189)

I think the distinction Marx made between the form of value, which is included in value itself, and exchange value, which represents something 'external', 'undetermined' in relation to value, bears some similarity with the doubling of form which we find in Hegel.

I now come to the last part of my lecture which concerns the question of the content or the substance of value. All Marxists agree that labour constitutes the content of value, but the problem lies in determining what kind of labour we are speaking of.

The previous part of the lecture should have convinced us as to the variety of different concepts which can be concealed in the word 'labour'. What kind of labour therefore constitutes the content of value? Most readers will have taken me to mean that by the content of value I understand labour in its material technical form. I admit that this interpretation is justified since approximately these formulations may be found in my book 'Essays on the Theory of Value'. Nevertheless I must recall that in my book, in the one chapter on the content and form of value, one can find not one, but three formulations which could show that by the content of value I did not mean labour which is studied exclusively from its material technical aspect (3). There I wrote

> Labour as the substance of value is not seen by Marx as a determined quantity of labour, but as something 'independent and absolute', as something accumulated in the product and materially objectified. This labour is examined from the standpoint of the process of division of social labour among the individual branches of production and taken as part of the total social labour in its relation to the latter, as to the whole.

Elsewhere I quoted Marx's words on value as "form, in which the proportional division of labour is expressed." Lastly, the final conclusion of the chapter reads:

> Considered from the qualitative aspect, the relation between labour as 'substance of value' and 'form of value' signifies the relation between the process of division of labour and its specific social, and exchange form.[3]

These references should justify my conclusion that I did not take the content of value to mean labour considered exclusively from the material technical side. Rather my conception approximated to the concept of socially equated and divided labour discussed earlier. But this concept, which can be found in many places in my book, was not adequately explained, and needed important corrections. In the present lecture I have drawn a sharp distinction between socially equated labour in general (which exists not only in commodity production but also, for example, in socialism) and abstract-universal labour as labour which is equated in the specific form appropriate to commodity production. Let us now ask: does Marx understand the content of value to mean socially equated labour in general or abstract universal labour? In other words, when we refer to labour as the content of value, do we include in the concept of labour all those characteristics which we incorporated above in the concept of abstract labour or do we conceive of labour in the sense of socially equated labour which does not incorporate those characteristics which characterise the social organization of labour in commodity production? Does the concept of labour as the content of value coincide with the concept of abstract labour which constitutes value, or is the character of the former concept broader than this? At first glance one can find arguments in favour of both interpretations of the 'content of value' in Marx's writings. On the one hand one can find arguments which apparently mean that by labour as the content of value, we should understand something more limited than abstract labour, that is, labour without all those social characteristics, which appertain to it in commodity production.

What arguments can we find to support this solution to the problem?

Marx often meant by content of value something which can not only acquire the social form of value but another social form too. Content is understood as something

[3] These passages were apparently omitted from the German edition of "Studien zur Marxschen Wertheorie," and cannot be traced in the English edition.

which is capable of assuming differing social forms. It is precisely this ability which distinguishes socially equated labour but not abstract labour i.e. labour which has already assumed a definite social form. Socially equated labour can assume the form of labour organised in commodity production, and the form of labour organised in, for instance, a socialist economy. In other words in this case we are conceiving of socially equalised labour in its abstract form and disregarding those modifications which are brought about in the content itself (i.e. labour) by one or other of its forms.

Does this concept of the content of value exist in this sense in Marx's work? We can now answer this question positively. Think for example of the passage where Marx says that "exchange value is a definite social manner of expressing the amount of labour bestowed upon an object." (*Capital I* p.82). Labour is clearly being considered as abstract content here, which can assume either one or another social form. When Marx writes in his well known letter to Kugelmann on 11th July *1868* that the social division of labour manifests itself in commodity production in the form of value, he is again regarding socially divided labour as the content, which can assume this or that social form.

In the second paragraph of the section on the fetishism of commodities Marx explains directly that we can find the "content of the determining factors of value" not only in commodity production but also for example in a patriarchal family or on a medieval estate. Here, as we see, labour represents a content which can assume various social forms.

We may now put forward an argument in favour of the opposing thesis, according to which we have to see abstract labour as the content of value.

Firstly, we find a few statements by Marx confirming this, e.g. "(Commodities) relate to abstract human labour as to their common social substance" (*Studienausgabe* p.235). This statement leaves no room for doubt that abstract labour is not only a creator of value but also substance of value or content of value. The same conclusion may be reached on the basis of methodological considerations.

I demonstrated earlier that in commodity production, socially equalized labour assumes the form of abstract labour, and value as the social form of the products of labour arises necessarily only from this abstract labour. It follows from this that the concept of abstract labour directly preceded the concept of value in our system, and that would show that we must interpret precisely this concept of abstract labour as the basis, content, or substance of value. But one must also not forget that in the question of the relation between content and form Marx took not Kant's but Hegel's standpoint. Kant regarded form as something external in relation to content and as something which joins on to it from the outside. From the standpoint of Hegelian philosophy, content does not represent something which form attaches to from the outside, rather the content itself in its development gives birth to this form, which was contained within this content in concealed form. The form arises necessarily from the content itself.

This is the main thesis of Hegelian and Marxist methodology, a thesis which stands in contradiction to Kantian methodology. From this standpoint, the form of value also must arise of necessity from the substance of value, and consequently we must view abstract labour as the substance of value, in all the fullness of its social features which are characteristic for commodity production. Finally for our last argument, we will point out that when we take abstract labour as the content of value, an essential simplification of the whole Marxist system is achieved, since in this case labour as content of value is not distinguished from the labour which creates value.

So we have reached the paradoxical conclusion that at one point Marx acknowledges socially equalized labour as the content of value, and at another he acknowledges abstract labour as this content.

How can we resolve this contradiction?

It seems to me that the contradiction disappears if we remember the distinction between the two methods, the analytical and the dialectical, which I discussed at the beginning of my lecture. If we set out from value as a determined social form, and ask ourselves what is the content of this form, it will become apparent that this form only expresses the fact in general that social labour was expended: value proves to be form, which expresses the fact of the social equation of labour, as a fact which not only occurs in commodity production, but can also occur in other kinds of production. By proceeding analytically from the finished form to its content, we have found socially equated labour as the content of value. But we reach another conclusion, when we take not the finished form as starting point, but the content itself (i.e. labour) from which the form (value) must necessarily arise. In order to make the transition from labour, regarded as content to value, as form, we have to include in the concept of labour the social form of its organization in commodity production, i.e. recognise abstract universal labour as the content of value. It is possible that the apparent contradiction in the definition of the content of value in Marx's work can be explained precisely by the distinction between these two methods.

If we now summarize the interpretation discussed in our lecture, we can say that the following five concepts are the basic concepts on which Marxian theory of value and money rests: (1) the relations of production of the commodity producers, (2) abstract labour, (3) value, (4) exchange value and (5) money.

Engels pointed out in his article on Marx's 'Critique of Political Economy', that Marx's contribution consists in showing us the whole system of the bourgeois economy in its inner interrelations (*Critique* p.226). Applied to these five categories, Marx's contribution consists in showing the inner inseparable interrelations between all these categories. Unfortunately this interrelation was frequently lost sight of by readers of Marx and these categories were each considered separately. Let us recollect how the relationship between the five categories has usually been envisaged.

Let us begin with the relations of production of the commodity producers. This concept was known to all Marxists. It was generally known that the theory of the production relations between people is the basis of Marxian economic theory. But no one made sufficient attempts to show clearly how these categories arose from people's production relations. There was therefore a complete break between the first and second concepts when we made the transition to abstract labour. Abstract labour was defined as physiologically equal labour, that is, the form of the production relations between people as commodity producers had been completely dismissed. *We forgot this form* and suddenly found ourselves in the sphere of physiologically equal labour, which is the same in all historical epochs.

Making the transition from the concept of abstract labour to the concept of value, it must be said that these two concepts were always closely connected in Marxist literature. It would actually be very strange, if the adherents to the labour theory of value did not link the concept of labour with the concept of value. But this connection was paid for very dearly in that *value was almost identified with labour* and it was not clear in what way value is actually distinguished from labour. There was a break again in the next transition, from value to exchange value. Value was identified with labour, and so we did not know how exchange value arises from value either. Lastly, the relation between the concept of exchange and the concept of money was

always very consistent in Marxist literature already since Marx emphasised this relation and substantiated it in particular. Thus the five categories we listed were split up into three groups. In the first group were the production relations of commodity producers, in the second, abstract labour and value, and in the third, exchange value and money. The system was only interrupted in two places, at the point where we have to move from the relations of production to abstract labour, and then again from value to exchange value.

These interruptions disappear when we regard abstract labour as labour which possesses a determined social form, and value as the unity of content and form.

Through these two reformulations we now obtain an uninterrupted logical interrelation of all the categories listed. A determined form of the production relations of people as commodity producers gives rise to the concept of abstract labour. From abstract labour in commodity production, viewed not as physiologically equal labour but as socially equated labour in a specific form, the concept of value emerged of necessity. The concept of value, considered as unity of content and form, is linked through its content with the preceding concept of abstract labour and through its form with the following concept of exchange value. Finally, the development of exchange leads of necessity to value.

It would be contrary to my intention, if the interrelation between these categories appeared as some logical self-progression of concepts, which each give rise to one another. The close interrelation of the concepts which follow on from one another logically is explained by the fact that all these concepts are built up from the concept of the relations of production, between people as commodity producers. This concept conceals a multitude of real social relations between people, which consistently conflict and develop uninterruptedly. The economic categories express “forms of existence, determinations of existence, often just individual aspects of this given society” (*Grundrisse,* p.106). The logical unity of the economic categories is due to the real unity of this society, the actual object of our study.