

The value of the substance*

FRANCESCO SCHETTINO[†]

May 31, 2005

Abstract

The aim of the paper is to find the reason of the commodities exchange. That is why our analysis inquires on the substance of the commodities value as Marx did on “The Capital” first pages using the dialectic method. Our different approach is analytic although we apply the fundamentals of the hegelian method. We use the concept of the labour centrality in the social production as an axiom, and we consider it as the natural starting point of the investigation. The historical materialism gives us the way to observe the conceptual dominion of the (exchange) value on the use value and then we are able to analyze its substance, our primary aim. Using the hegelian categories of quality and quantity we obtain that the only common quality of any commodity is the labour that, consequently, is the substance of the value. This element, in fact, is basical to measure and, then, to compare any commodity. We conclude deriving that any study on the so called trasformation problem of Marx is inconsistent without a necessary deep analysis of the substance of the value.

J.E.L. Classification: B140, D460,

Keywords: Value theory, Marx

*I thank Guido Cozzi, Gianfranco Pala and Michele Tucci for helpful comments.

[†]Department of Public Economics, University of Rome, ‘La Sapienza’, via del Castro Lurenziano, 9 - 00161 - Rome. Email: Francesco.Schettino@uniroma1.it; francesco.schettino@gmail.com - tel: 06.49766843

1 Introduction

Some people know the great difficulty of understanding the first pages of “The Capital” that are fundamental because in the first section Marx explains the concept of commodity and, in particular, what there is at the base (the substance) of the value that, in the “immense accumulation of commodities” reaches its greatest social expression. We sustain that the hortodox economy forgets this kind of analysis, particularly in its historical form, and, consequently, can’t explain the fundamentals of the capitalist mode of production. We are interested to start clarifying the initial Marx commodity analysis and, necessarily, the substance of the value whose exactitude is introductory to the rest of the theory. That is why we will not introduce ourselves into the famous controversy on the so called “transformation problem”.

We agree with Pala (1981) when we sustain that the the unconditional labour centrality of every social production is the starting point to study the substance of value. In fact, only its analysis is able to give us a definition of the commodity as core of the actual mode of production. We investigate on what is at the base of the value (substance, from latin *substantia*, to be under) in any mode of production. We begin analyzing the labour process and we show its different functions in any different productive age reaching the actual capitalistic phase. Here we emphasize the contradictory twofold character of the labour corresponding to the one of the commodity (use value and (exchange) value), as Smith (1776) introduced. We agree with Pala (2003) sustaining that this is the only logical way to walk to understand the plusvalue as the reality of the value theory in the actual mode of production.

The paper is organized as follow: in second section we highlight the central role of the human labour in the commodities production in the whole human history; then we underline the conceptual priority of the production on the exchange process (the usual supply-demand scheme). In third section we present the role of the historical materialism (understood in the previous section)on describe the reality as a process that give the correct meaning to the “fetish” character of the commodities whose substance of value, our real *qualitative* aim, is necessary to any kind of measurability and, only after, to any kind of commensurability as we see in two last sections.

2 The human labour centrality

The human being constantly generates its life producing the means of subsistence differently than the the animals and vegetables. “Mode of production is mode of life” said Marx and Engels in the critic to Feuerbach (in *The German Ideology*); the men since they were born “by producing their means of subsistence men are indirectly producing their actual material life” capturing the surrounding nature. They constantly transform it and in this way generate their means of subsistence and reproduction. The evolution of this activity charaterized every social change of the human history: in fact the labour organization (its *division*) has determined for any age a peculiar form of relationship between persons. That is why any form of the labour division is corrispondent to a different form of ownership of the productive processes (objective and subjective conditions). It happened in the tribal society, probably the first human organization, in the ancient comunity, in the feudal age (in its different steps) and finally in the capitialism. This is the uncontextable reality of the centrality of the human labour in any step of the race evolution.

To confirm that this is the human labour role, we make an abstraction, historically determined, and we suppose to stay in the limit production conditions of any age: any quantity of workers without means of production (i.e. machines) could be able to produce the necessary conditions for the reproduction of its life? The answer is positive, thanks to its interaction with the surrounding nature; the answer is clearly negative in the opposite case (no one worker and an infinte number of means of production). Summarizing, the human labour is the fundamental condition of every social production in any historical age of the humanity. The production process is the capture of the nature and past labour and, consequently, the trasformation of the inert material in useful objects. So, we can conclude that the human labour, in its original interaction with nature and, after, with crystallized labour and nature, is the base of any production process.

We propouse a formalization of this concept following Pala (1981 e 2003), that highlight that the mathematical language is ‘the *necessary completion* of what is based on the dialectic’.

We start from the matrix X_y that shows the technical conditions of production, where the n means of production are divided into the s farms of the economy, giving $n \times s$ quantitative informations. Corrisponding to that, there is the products matrix, Y_y , rectangular with dimensions $n \times s$, that doubles

the informations that we had. We defined a system in which we have the “ingredients”, but we lack the “recipes”, the necessary procedures to determine the production. These are synthesized into the matrix L_y , rectangular with dimension $m \times s$, that contains concrete (heterogeneous) labours allocated into the different farms. Only by this way we can describe the transformation of X_y in Y_y . We agree with Pala (1981) sustaining the importance of simplify the formalization¹ converting X_y and Y_y in square matrices and L_y in vector. This is possible if we multiply any matrix by Y_y^{-1} , normalizing them. We obtain the matrix A that describes the *production conditions* (the so called “technical” coefficients), I , clearly a diagonal matrix, and L_y as a vector l_y that we can convert into a diagonal matrix that we call l'_y .

Our analytic inquire stops here because it is logically consequential that the vector l_y is the operator that consents the transformation of the matrix A in I (and the operation $I - A$ that gives the net product): it permits, in fact, the passage from the space of the *technical conditions* to the one of the *products*:

$$L_y : X_y \rightarrow Y_y \quad (1)$$

and after the normalization:

$$l_y : A \rightarrow I \quad (2)$$

If l_y was null, clearly that passage should be impossible. By this way we observe, another time, that the human labour is the central and fundamental element of the production in any age, *quomodo demonstrare debeatur*.

3 The historical production in the history

In section 2 we have sustained that an economic research without the human labour as the central element could meet the same problem of the man who didn't understand why two straight lines crossed themselves, ignoring to stay in a non Euclidean world².

That is why we repute essential proceed analyzing the historical evolution of the social production: here, in fact, we are able to describe the differences between the actual and the previous modes of production.

¹It is more important when we calculate the magnitude and the form of value;

²Freely taken from Keynes (1936);

The forms of social production and of the labour division into any previous society had the principal objective on the *use* of the goods. In the tribal society the hunting and the fishing were the only activities able to determine the means of subsistence of the entire society: the goods were used immediately. At the same time with the evolution of the social organization (ancient community, feudal ownership) the production have changed increasing the quantity of goods in some parts of the world; but the aim of its production was the same: the goods use. Only in 1300 we can observe the first embryo of the struggle between the dominant class (feudal owners) and the subordinate but emerging class (bourgeois). Here, the latter were the traditional mode of production “defendants”, and the others, called “community of commodity producers”, started to organize the production through the exchange, mode that has continued in the capitalism. But this kind of production was clearly quantitatively less than the other with the aim on the goods use: that is why we have to wait some century to see the reversed prevalence.

The dominance of the systematic production through the goods exchange emerges with the birth of the capitalism, after less than three century. From this time the process of objectivation is prevalent on the subjective process (the perception of the use value, the utility), as also the orthodox theory confirms when observes that the firm’s objective is the profit maximization; this is the time of the birth of the capitalistic commodity.

4 The contradictory twofold character

Once we have understood that the labour centrality in the social production, we are led to discuss on its functions in the actual mode of production and on what it generates and, at the same time, is generated: the commodity.

As Aristotele in “De Republica” argued: “Of everthing which we possess there are two uses:... one is the proper, and the other the improper or secondary use of it. For example, a shoe is used for wear, and is used for exchange; both are uses of the shoe. [...] The same may be said of all possessions...”, Marx underlines that the general commodity has a twofold character: it is a use value and an exchange value at the same time. “Nothing can have value, without being an object of utility”; in this way Marx concludes the first section of “The Capital” first chapter indentifying that the commodity potentiality to be used (and consequently its objective result, the

use value) is determined by the qualities of the commodities body. Moreover, the not useful object doesn't have value. In contradictory opposition, on the quantity side, there is the exchange value that, with Marx, we define as what conceptually determines the exchange between different use values.

Now we have to introduce the corresponding dual nature of labour because of its centrality as we have seen in section 2. This concept has so much relevance that Marx sustains that “this point is the pivot on which a clear comprehension of political economy turns”. Analyzing the reality as union and repulsion of *quality* and *quantity*, we observe the labour in the commodities body on its qualitative attribute as useful and concrete, corresponding to the commodities use value. On the quantitative side we observe the abstract labour, homologous with the exchange value. Each commodity is produced with a peculiar activity to satisfy a necessity; when the commodity is compared with another commodity, we observe its abstract character, as it has been determined by a social process, instead of the particularity and the utility of productive process. Only by this way it is possible that two different works, as the tailor and the mason, can be compared: in fact it is possible only if we observe their activity from the quantitative and abstract point of view. When Marx sustains that “Just as motion is measured by time, so is labour by labour-time”³, he wants to highlight that every particular, useful and concrete human labour could be reduced to homogeneity with the other particular, useful and concrete human labours, ensuring, only by this way, the misurability, commensurability and exchangeability.

5 Labour substance of value

The sciences that the man uses to understand the reality have the crucial problem of the misurability and, then, of the commensurability of two or more things. Two bodies or particles can be compared only if they are homogeneous; that is, they must have in their body a common quality. It is necessary to guarantee, in a logically successive moment, the misurability of those, that is possible only using an external, not changeable, in the time and in the space, entity referring to a definite “plan” that we are interested to analyze. We define *quality* a property that “in an external relation, it manifests itself as an immanent determination. By properties of herbs, for

³K.MARX, Critique of Political Economy, chap. 1;

instance, we understand determinations which not only are proper to something, but are the means whereby this something in its relations with other somethings maintains itself in its own peculiar way, counteracting the alien influences posited in it and making its own determinations effective in the other although it does not keep this at a distance. The more stable determinatenesses, on the other hand, such as figure, shape, are not called properties, nor even qualities perhaps, because they are conceived as alterable (...)"⁴

The qualities of every *something* have 4 characteristics: they are immanents in the object we are considering; their measure has to be external; they don't change in any external contact and they have an individuable particularity when the object is compared with another.

Now we are interested to find the substance of the value (our "plan"), that is, what is at the base of the quantitative aspect of the commodities. By this way, we inquire on what is the quality, common to any commodity, that permits the measurability and, then, the commensurability and the confrontability. That is the reason why Marx observes that, even if any commodity is "an assemblage of many qualities" on this "plan", that is in the analysis of what there is at the base of the *value*, we have to abstract and leave out the commodities use value⁵; thus it has to be clear that the only common quality of any commodities is the process of labour. Marx sustains that "tailoring and weaving are necessary factors in the creation of the use values, coat and linen, precisely because these two kinds of labour are of different qualities; but only in so far as abstraction is made from their special qualities, only in so far as both possess the same quality of being human labour, do tailoring and weaving form the substance of the values of the same articles".

Before we analyze the commodity we present an example to clarify this concept. We consider a rectangular table. As we defined, it has a long and a short side. But how have we measured and compared them? We were able to do that because both the sides are qualitatively extended.

Now we inquire if the extension could be the *common quality* following the definition we gave. We don't have doubts to admit that it is an immanent property; it is not changeable in any external contact, and any measure (for

⁴G.W.F. Hegel, The Science of Logic, 1, I, II.

⁵We want to remark that we are making an abstraction: the use value is basic because it permits the exchange value expression in another commodity. We have to remember that when we express the simplest value form as $x(\text{commodity}_B) = y(\text{commodity}_A)$ the commodity B exchange value is calculated in use value units of the commodity A;

example the length) remains the same any time we compare with other, guaranteeing a constant report with the other “somethings”. In fact is a certainty that any side is extended even if the weather changes, after centuries and if changes its owner. Thus, this is the quality that permits the measurability infinite times, giving the same result. It is possible to confront two sides only if this quality is common. In fact we can sustain that the table has a specific geometrical figure only after that our rationality have recognised that both sides are extended. At this point of our analysis, we are interested to observe how is possible the confront, on the “plan” of the the geometrical figure at two dimensions, between the sides: we need a quality measure that is the length. It has to be divided in units to express an objective quantification. The person who proceeds to measure can choose the unit: he can use the centimeter, the meter or the kilometer. Only after this selection he can conclude the logical process started from the quality (the extension) passed through the magnitude (x meters or centimeters) with the quantitative relationship (the form) between the two sides (A and B) like:

$$A = 2B \tag{3}$$

or:

$$A/B = 2. \tag{4}$$

Here we want to underline that the syntetic result of the equation 4 completely hides the quality that permits measurability and confrontability of the two sides.

In the economic debate the hortodox theory sustains that union of utilizability and budget set, the relative scarcity, is the common quality of any commodity and, thus, the *substance of the value*. Moreover, it argues that a good is scarce - is an economic good - if its quantity is not sufficiently available for the needs of a society; the scarcity is a relative propriety of the commodities and the scarce goods immediately cause an economic interest; this is the reason why it is convenient purchase, produce and sell them. The scarce goods become objective of the economics activity and only them have a *value* (a price). If the the common quality is the relative scarcity, the measure is the *utility* (subjective valuation of the *objective* use value) and the *ordinal utility* is the measure unit.

It could be seen an enough banal mistake consider the relative scarcity as the common quality and, thus, as the substance of the value. In fact firstly we inquire on the unchangeability in the time: the relative scarcity is the union of utilizability and budget set, and thus it should be obvious sustain that in the time the budget set change, reaching the paradoxical result that if there is overabundance (the scarcity goes to zero) the good becomes not economic. But we don't consider this apparent nonsense taking the budget set as fixed and we inquire if the utilizability is the common quality watching at the core of the theory. We begin analyzing if it is immanent: we can agree, as Marx sustains, that a commodity without use value has not value. But when we try to see the utility as the measure, we find that it is not unchangeable, because, as we know, not everywhere and not for everyone the utility is the same. The reason is that the use value reflects the characteristics of the commodity body and, being a subjective preception, it is not possible to find an external and objective measure.

The utilizability, as the figure and the form, as in Hegel, is not the common quality because changeable. Thus the relative scarcity never can permit measurement and commensurability of the capitalistic commodities. This is the reason why we must inquire before on commodities value and then on the prices.

The labour process (alive or congealed in the means of production as we have seen in section 2) is immanent. Its measure (the abstract labour and its magnitude, determined by the measurability, as labour time socially necessary) is absolutely external to the commodity, it is unchangeable to each external contact and to every relationship.

If we want conceptually pass from the observation of the quality to the definition of the measure we have to homogenize each different labour into unskilled and undifferentiated labour; by this way, the labours are different in terms of quantity and not in quality (concrete labour that determines the use value). Thus, the measure is the labour time and the unit of measure is the hour or the minute or every temporal fraction. Only by this way we can calculate the exchange value of the commodities universe. Marx calls magnitude of value the quantity of hours of labour unskilled embodied into the commodities; moreover he defines the value form as the different relationships between two magnitudes of value (thus between two commodities).

At this point of the analysis we can observe how the hortodox theory hides the quality of the commodity (the labour), obtaining an exchange value as a social relationship between things instead of persons, social groups, or classes.

In fact, talking in algebric language, the labour is the common denominator when we confront two commodities and, for this reason, it is simplified and thus it seems absent: the introduction of a general equivalent as the money increases the hiding of the substance of the value. Marx sustains that the money is a particular commodity and, for this reason, it could never be the values measure.

We deduce that the only method we have to describe the measurability, the commensurability and the exchangeability of the commodities universe is using the labour as quality. The human labour, originally particular and concrete activity, dresses the general objective form becoming, thus, social. The labour time socially necessary for each commodity production process - that is the labour time that the average of the producers of a particular commodity spend to make it, in defined socio-historical conditions - is the measure. Only by this way we can observe the social “fetichism” of the commodities, as we don’t consider the labour particularity: in this way the commodity finally become “citizen of that world”⁶.

6 Conclusions

The first pages are probably the most difficult of the whole “Capital” and, at the same time, they are basical to understand the Marx message. Here we find the key to recognize the substance of the commodity value. Our analysis lead us to highlight that the human labour is the element that “gives life” to the social production of each age; it is impossible to think of any kind of production, and thus, of life without it. We use the matherialistic analysis of the history to show, as in Marx and Engels, that the (exchange) value dominates the use value in the capitalistic mode of production. Only following this logic scheme we have been able to analyze the substance of the value. Thus, we have used the hegelian categories of quality and quantity to obtain that the only common quality of each commodity (i.e. the substance of value) is the labour and, consequently, never could be the relative scarcity of the hortodox theory. Once we have explained this pivot of the theory, we have gone on and we have found that the measure of the value is the unskilled labour (socially necessary) giving the definition of the magnitude of the value and thus its form. Our interest of inquire on the substance of the value - that is the common quality of each commodity that permits every

⁶K.MARX, The Capital, Chap. I

kind of commensurability and thus of exchange - was born from the necessity of understand what is on the base of the actual economic system “Having good right to occupy itself at first only with the principle and in doing so not to concern itself with what lies beyond it”⁷; in fact if we don’t clarify this fundamental concept it is impossible talk of the other Marxian theories, as the so called trasformation problem, without making trivial mistakes.

⁷Hegel, G.F.W., The Science of Logic, Preface;

References

- [1] ENGELS, F. MARX, K. (1846), *The German Ideology*, Editori Riuniti, Roma 2000;
- [2] HEGEL, G.W.F. (1816), *The Science of Logic*, La Terza, Roma;
- [3] KEYNES, J.M. (1936), *The General Theory of Employment, Interest and Money*, Macmillan Cambridge University Press, for Royal Economic Society 1936;
- [4] MARX, K. (1867), *The Capital*, Editori Riuniti, Roma 1989;
- [5] MARX, K. (1859), *Critique of Political Economy*, Editori Riuniti, Roma 1989;
- [6] MARX, K. (1863), *Theories of Surplus Value*, Editori Riuniti, Roma;
- [7] PALA, G. (1981), *Il lavoro e le sue forme economiche*, Kappa, Roma 1981;
- [8] PALA, G. (2003), *Marx, il valore della teoria*, Dipartimento di economia pubblica, 0504002, Economics Working Paper Archive at WUSTL.