

14 January 2014

Workshop on “100th Anniversary of *The Accumulation of Capital: A Contribution to an Economic Explanation of Imperialism: A Century-Old Work Remains Current, Provocative and Eminent*”,
Berlin, March 7-9, 2014¹

Marx’s Evolving Conception of Value and Luxemburg’s Legacy: A Process of Intellectual Production

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Abstract

In his work on value theory, Marx began by recognizing economic categories as socially determined (1847). He then introduced 'abstract labor' as a concept (1859). Later this was followed with the concept of 'labor power' and that value is the substance of exchange-value but distinct from it (1867). We review this development, including subsequent discussion of Sieber's 1871 work on value that Marx himself read and appreciated.

In 1858, Marx commented to Engels that 'value' presupposes "the destruction of all undeveloped, pre-bourgeois modes of production which are not governed in their totality by exchange". This presumption is reflected in the assumption in *Capital* of a fully capitalist mode of production. A fully capitalist mode of production, however, blemishes 'accumulation of capital' as it needs to be understood within Marxism. That concept must include **continuing** penetration of non-capitalist modes and is at the heart of Luxemburg's legacy in political economy. These difficulties may suggest a reason for Marx's own deletion from *Capital, Volume 1*, of "Results of the Immediate Process of Production".

Luxemburg's work in political economy is a highly articulate continuation of Marx's work, even as she approaches the subject matter in her own distinct manner. However, she does not seem to become aware of any difficulty with the concept of value.

Value is typically presented as the foundation of Marx's understanding of the capitalist mode of production, i.e., it is the theoretical heart of *Capital*. Would the conception of value be 'contaminated' were we to open it to include the implications of continuing destruction of non-capitalist modes of production?

Introduction

Value is presented as the foundation of Marx's understanding of the capitalist mode of production, i.e., it is the theoretical heart of *Capital*. Would the conception of value be 'contaminated' were we to open the theoretical object of investigation to include, along with the understanding of the capitalist mode, the implications of also including continual destruction of non-capitalist modes of production as part and parcel of the capitalist mode? Or, must we

exclude penetration as part of the inherent object of discussion so that it is no more than ancillary to the main topic? Marx did not see the problem for value. Luxemburg did not see the problem. Yet both Marx and Luxemburg moved toward the barrier as none others have ever done.

This question cannot even have an attempt at an answer without listening. Perhaps it cannot be answered.

To encourage listening, we will not survey in our introduction the way this particular essay will be moving forward. Rather, since the intellectual movement is essential for understanding, we offer this discussion in its movement, starting from the 1840s. In some sense, we are not going to defend anything, at least not strongly so. For, when we defend, we may stop listening.

I. *Poverty of Philosophy* (1847): Economic Concepts Historically Conditioned

"The salient points of our conception were first outlined in an academic, although polemical, form in my *Poverty of Philosophy*"
– Marx (1859, p. 264).

We need to start somewhere, with some approach to Marx, knowing that his work is hugely controversial and that it is better, at the outset, to offer a remark about our approach. Fundamentally, we cannot accept that Marx, age 23 (with his doctoral dissertation) or age 26 (*Economic and Philosophical Manuscripts of 1844*, unpublished by him) is necessarily the same Marx as at age 54 (with *Capital*, 2nd edition). Therefore, for an author such as Laurent Baronian (2013) to assert otherwise within the first six pages of his book *Marx and Living Labor* – “Marx established the two tasks of the critical method which show the profound continuity of his writings from his doctoral dissertation onwards” (p. 6) – is not an affirmation we could share, even if aspects do display continuity. As Marx matures, at minimum, his emphasis changes and the fulcrum should be allowed to move as well. Even more deeply, when Marx is allowed to change and move forward, we allow ourselves to avoid treating Marx as ever having any absolute truth, in contradistinction to his providing a starting point.

As we read early Marx, classical conceptions of political economists appear quite unchallenged in his *1844 Manuscripts*. Concept such as "capital, accumulation, competition, division of labor, wages, profit, etc.... are concepts of Classical Political Economy, which Marx borrows *just as* he finds them there, without changing them one iota, without adding to them any new concept, and without modifying anything at all of their theoretical organization" (Althusser, 1974, p. 109, fn. 4). Still, in the very next year (1845), Marx does begin to introduce new conceptions: mode of production, relations of production, and productive forces. Further progress on conceptual categories, at least from the written evidence, must await a dozen years. In any case, his construction of concepts is not merely an elaboration of his 1844 understanding, but rather represents a shift of focus, initially culminating in *Volume 1 of Capital*, but even then is still in motion.

In our view, it was in 1847 when Marx published *The Poverty of Philosophy* as a critique of Proudhon, that his project truly gets off the ground. In this study, there is no direct criticism of

the classical economist he most respected, David Ricardo, except for his eternalizing economic concepts a-historically. Indeed, Ricardo's value theory is the "scientific interpretation of actual economic life" (1847, p. 49), in contrast to Proudhon's utopianism. Still, in his 1859 work Marx cites the importance of his 1847 work (see our section header quote). Only later will he prefer to Ricardo's scientific "inadequacy", when drafting *Theories of Surplus Value* (Marx, 1905b, p. 164; while in *Capital*, see the longer footnotes toward the end of the section on the fetishism of commodities, Marx, 1867, pp. 84-87).

The most important distinction which appears in *Poverty*, in our judgment, is the recognition by Marx that categories of the economists are categories which are eternalized by them, categories which are to apply to all modes of production: "Economists express the relations of bourgeois production, the division of labor, credit, money, etc., as fixed immutable, eternal categories. ... [W]hat they do not explain is how these relations themselves are produced." "Economic categories are only the theoretical expressions, the abstractions of the social relations of production." Economists such as Smith and Ricardo "have no other mission than that of showing how wealth is acquired in bourgeois production relations, of formulating these relations into categories, into laws, and of showing" their superiority to those of feudal society. All (sic) economists "represent the bourgeois relations of production as eternal categories" (Marx, 1847, pp. 104, 109, 124 and 160; incidentally and somewhat contradictorily, Marx described himself as an "economist" in his Foreword). This weakness of economists regarding eternalization will be basic to all of Marx's subsequent work. In this work, we first examine Marx as he produces his new understanding of 'value'.

Oishi (2001) claims, in another manner than we have, that *Poverty of Philosophy* is fundamental for understanding Marx's critique of political economy and that it has Ricardo as an implicit target, not just the open target of Proudhon. Marx had seen before his eyes the development of private property in the litigations surrounding theft of wood from what had been common land. So, according to Oishi, Marx focused thereafter on the essence of private property leading to the importance of estranged labor in his earlier *1844 Manuscripts*. In *Poverty* Marx understood Proudhon as eternalizing economic categories in the same way as the classical economists (albeit via a detour), and, for Marx, this represented a contradiction to the actual historical emergence of private property in the then recent times. Having witnessed in Germany the emergence of private property, Marx breaks with such an eternalization, and thereby with the analytical method used by the classical.

Oishi's primary message – an understanding we do not share – is the continuity and unity of Marx's thought centered upon the principle of estranged or alienated labor.² Oishi, at least at one point (p. 135), seems to equate alienated labor to labor under the command of others. How this would be distinguished from slavery is not at all clear. In any case, for Oishi, the importance of alienated labor had been negated by Soviet marxists and Western followers when there was no rupture or break in Marx's own thought as he matures. Althusser may be an unnamed target, meaning that Oishi does not have to confront the fact that Althusser emphasized the break between Ricardo and Marx, yet did argue for discontinuity in own Marx's thought, including on the specific issue of alienated labor.

White(1996) , like Oishi, sees little change in Marx's basic scheme after the emphasis on alienated labor and private property in the *1844 Manuscripts*, the later "abstract labor" being little more than a substitution for alienated labor, and "surplus value", a substitution for private property (pp. 146-47). Unlike Oishi, however, White sees a late major shift in Marx's late thought away from the importance of Hegel. We shall return to White.³

II. *Contribution* (1859): Abstract Labor as the Substance of Value

The essential new concept published in the *Contribution to the Critique of Political Economy* is that of "abstract labor", often expanded in the work to become "abstract universal labor". An example of Marx's use in the *Contribution* is the following:

...the labor which posits exchange value is a specific social form of labor. For example, tailoring if one considers its physical aspect as a distinct productive activity produces a coat, but not the exchange value of the coat. The exchange value is produced by it not as tailoring as such but as **abstract universal labor**, and this belongs to a social framework not devised by the tailor. Women in ancient domestic industry, for instance, produced coats without producing the exchange value of coats. Labor as source of material wealth was well known both to Moses, the law-giver, and to Adam Smith, the customs official. (Marx, 1859, p. 278, bolding added)

Rubin (1927) early on argued for the importance of "abstract labor" as a concept and, furthermore, considered the emphasis in the *Contribution* on "universal" an essential component and an appropriate carryover from Hegelian language. Rubin (p. 119) does recognize, however, that most of the Hegelian language disappears from *Capital* in Marx's second edition, a point driven home by White (1996, Chapter 4; see also Zarembka, 2001 and 2013), who describes, among other changes, the dropping of the word "universal" throughout much of Marx's text.

Without the Hegelian language, we can assert the following as Marx's meaning: Commodities have all kinds of use-values, i.e., useful qualities. Abstracting "from the material elements and shapes that make the product a use-value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight. Neither can it any longer be regarded as the product of the labor of the joiner, the mason, the spinner, or of any other definite kind of productive labor" (Marx, 1867, pp. 45-46). Although Marx didn't make the analogy, it is rather like in physics: objects of all different shapes, sizes and colors are pulled toward a heavier mass and Newton abstracted from those differing qualities; he arrived at 'gravity' as the commonality to describe the pull and all of us still learn it in school. In Marx's case, a commodity has value "only because human labor in the abstract has been embodied or materialized in it". Labor in the abstract is essential to the capital--wage-labor relation.

Value is the **objectification of abstract labor, itself a product of capitalism**. In Cleaver's words,

to make abstraction from [any commodity's] use-values is to make abstraction from their particular attributes. That, in turn, is to make abstraction from the special characteristics of the human labor which created those attributes and made them different from other commodities. ... In abstraction from their material reality as use-values and as products of particular forms of useful labor, these commodities emerge as only products of human labor in abstraction from any particularity. This human labor that is common to them Marx calls abstract labor. As products of abstract human labor they are qualitatively equivalent and as such he calls them *values*.... [Abstract labor is] meaningful because capital itself, in its continual struggle with labor to create and maintain the division of

labor which is the basis for commodity production, exchange, and social control, tries to continually make labor more malleable to its needs. (Cleaver, 1979, pp. 106-108, paragraphing not indicated; also, Mohun, 1991 and Milios, et al, 2002, pp. 17-21)

Thus, value is transformed from an a-historical usage by Ricardo. Being based upon abstract labor within capitalism, value is not transhistorical, but is rather a concept only applicable to the capitalist mode of production. Like Cleaver, Postone (1993, pp. 54-55, emphasis in original) also says that "the *essential* difference between Marx's critique of political economy and classical political economy is precisely the treatment of labor" and that "a trans-historical conception of value-constituting labor ... hinders an adequate analysis of the capitalist social formation".

Turning to another aspect of his *Contribution*, Marx surveyed the history of political economy regarding the problems economists had with the classical, especially Ricardian, determination of exchange-value by labor time. He also suggests where he himself fits in. It is worth quoting the portion relevant here:

David Ricardo, unlike Adam Smith, neatly sets forth the determination of the value of commodities by labor time, and demonstrates that this law governs even those bourgeois relations of production which apparently contradict it most decisively. Ricardo's investigations are concerned exclusively with the *magnitude of value*, and regarding this he is at least aware that the operation of the law depends on definite historical preconditions. He says that the determination of value by labor time applies to "such commodities only as can be increased in quantity by the exertion of human industry, and on the production of which competition operates without restraint". [Corrected to Ricardo's actual words, rather than a re-translation back from Marx's German. P.Z.]

This in fact means that the full development of the law of value presupposes a society in which large-scale industrial production and free competition obtain, in other words, modern bourgeois society. For the rest, the bourgeois form of labor is regarded by Ricardo as the eternal natural form of social labor....

If this polemic is stripped of its mainly trivial form it can be summarized as follows:

... *Two*. If the exchange value of a product equals the labor time contained in the product, then the exchange value of a working day is equal to the product it yields, in other words, wages must be equal to the product of labor. But in fact the opposite is true. *Ergo*, this objection amounts to the problem, – how does production on the basis of exchange value solely determined by labor time lead to the result that the exchange value of labor is less than the exchange value of its product? This problem is solved in our analysis of capital.... (Marx, 1859, pp. 299-302)

Marx here promises an analysis of capital to solve the problem of the origin of surplus value. Presumably, his personal clarifications in notebooks – those published after his lifetime as the *Grundrisse* – are far enough advanced that he is confident regarding what he will offer. The *Grundrisse* is, in fact, the first place where Marx had put pen to paper for many of the new theoretical concepts which would appear in *Capital, Volume I*. Yet, in none of the problems

listed to be solved (only "two" is reproduced above) is the concept of "labor power" even hinted at.

In Section I, we mentioned Baronian's (2013) work, but without much elaboration. This seems to be an appropriate place to comment more broadly. The theme of his book is of "living labor" in Marx, what he views as the central concept:

... Until today, Marx's interpreters have distinguished the Marxian conception from the Classical one just by putting to the fore the qualitative or historical aspects that Marx confers to value.... All that comes out of general comments on Marx's economic works is that the law of labour value applies more consistently than in the Classics.

However, the social and historical character that Mandel and Sweezy pointed out has to be interpreted as expressing a basic difference in the conception of the labour itself standing at the origin of value. Had the economists defined the living labour both as concrete labor and abstract labor, the exchange of products as commodities would have immediately appeared to them as a very particular way under which society coordinates and exchanges producers' activities.

... The reversal of standpoint that Marx claimed for the critical method in the *Manuscripts of 1844* finds its expression in the theory of value in the explicit recognition of the living character of labour creating value or abstract labour....

If political economy understands labour only under its objectified forms, it is because it builds on phenomena arising in the sphere of circulation, in which economic agents related to each other only as possessors of commodities.... (Baronian, pp. 7-8)

The concluding sentence is fair enough, even stimulating. Beginning in his Part II, Baronian offers chapters upon focused critiques of issues in political economy. In successive chapters, these issues, among a larger set, include the Cambridge controversy regarding Ricardian versus neoclassical capital theory, the transformation problem, the process of abstraction of labor including Taylorism and cognitive labor, surplus population and a claim of working-class immiseration, the circuit of capital and Keynes monetary theory, and the role of constant capital in crisis (a topic that ends Baronian's book⁴).

Nevertheless, this reader has never thought of the majority of Marxist political economists as being the object of such criticism and has not argued that Marx's work is a completion of Ricardian value theory. Indeed, the cited sentence above starting with "Until today" seems to represent the beginning of the book's exposition in searching for a problem, a problem that would only be shared by a minority of Marxist theorists. As one example, Chapter 3 (the last chapter of Part I) is devoted to the transition to capitalism and includes discussion of well-known works by Sweezy, Mandel, Hilton and Dobb. Yet, it is without a rendezvous with the Baronian's own theme of living labor being misleadingly presented in their works. Within the chapter, a couple of pages (pp. 61-63) do discuss living labor, but in a manner that does seem well enough accepted among Marxist theorists.

III. *Capital* (1867): Labor-power Distinguished from Ricardian Labor

"Suddenly the voice of the laborer, which had been stifled in the storm and stress of the process of production, rises: The commodity that I have sold to you my beloved employer] differs from the crowd of other commodities, in that its use creates value, and a value greater than its own. That is why you bought it."
– Marx (1867, p. 224)

The first reference by Marx to "labor power" has been reported by Oakley to be in Marx's *Grundrisse* written in 1857-58 (Marx, 1939-41a, pp. 282-83, only published more than a half century after Marx's death), but that Marx "had yet to grasp its analytical significance more fully" (Oakley, 1984, p. 173). In fact, a later translation of the *Grundrisse* (unavailable to Oakley) notes that the German original is here "arbeitsvermoegen", or labor capacity, and that it was not until *Capital, Volume 1* that Marx used it synonymously with "arbeitskraft", i.e., labor power (see Marx, 1939-41b, p. 212, fn. 85). We can confirm the concept's absence as his 1859 *Contribution* did not anywhere mention "labor power".

When presenting in 1876 a copy of his *Poverty of Philosophy* to Natalia Utina, Marx pens in the word "power" after "labor" to the following original sentence (the first of only four corrections he made anywhere in the book): "Labor, inasmuch as it is bought and sold, is a commodity like any other commodity, and has, in consequence, an exchange value" (Marx, 1847, p. 58 and fn. 13). Something important theoretically has happened between 1847 and 1876. And the insight had not occurred when Marx was publishing his 1859 *Contribution*.

In selling any commodity, the Ricardian understanding of political economy describes the labor time required for the commodity's production as determining its value (and thus exchange value, forgetting about transformation problems of values into prices).⁵ The worker sells his/her labor directly to the capitalist. Yet, if the laborer would be selling a commodity which is itself labor time, i.e., value, how could there be surplus value (profit, etc.)? If the value of any commodity is determined by "the labor-time required for its production; how does it happen that this law of value does not hold good in the greatest of all exchanges, which forms the foundation of capitalist production, the exchange between capitalist and laborer? Why is the quantity of materialized labor received by the worker as wages not equal to the quantity of immediate labor which he gives in exchange for his wages?" (Marx, 1910, p. 89, written about 1863, commenting on James Mill's *Elements of Political Economy*, 1824).

Marx was realizing the full implications of the fact that labor itself is not produced, it is not sold. Rather, what is produced and becomes an expense for capitalists is the cost of the workers' subsistence needs. He therefore offers (produces) a new theoretical concept: *labor-power*. **The capitalist purchases the labor-power at its exchange-value, the labor time required to produce the worker's subsistence needs.** We seem to arrive at a consistent theoretical system: the capitalist confronts on the market the laborer – a living human being with needs which must be produced – not labor (Marx, 1867, p. 503). Perhaps facilitating his theoretical project, the

expression *Arbeitskraft* was well-known within German working-class culture in Marx's time. Biernacki (1995, pp. 42-43 and 272-274) says that it was common by 1848.

In addition to labor power, other unpublished concepts are emerging in the *Grundrisse*, such as constant and variable capital: "if the total value of the capital remains the same, an increase in the productive force means that the constant part of capital (consisting of machinery and material) grows relative to the variable, i.e. to the part of capital which is exchanged for living labor and forms the wage fund" (Marx, 1939-41a, p. 389 or 1939-41b, p. 316). Some pages earlier, the first references to absolute and relative surplus value can also be found and exact phrases "absolute surplus value" and "relative surplus value" appear (Marx, 1939-41a, pp. 407-08 or 1939-41b, pp. 334-335; see also Oakley, p. 180). Clearly, a theoretical project is in progress.

Does an addition of "power" after "labor", when appropriate, contain the solution to a problem? By purchasing labor-power, the capitalist obtains a very specific, and unique, use-value: the workers' ability to produce value! The use-value of a light bulb is to provide light. The use-value to the capitalist purchasing labor-power is the **value** the worker produces (not specific items like light bulbs, TV's, which are of no interest to the capitalist).

Our friend, Moneybags, must be so lucky as to find, within the sphere of circulation, in the market, a commodity, whose use-value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labor, and, consequently, a creation of value. (Marx, 1867, p. 224)

And Moneybags is so lucky. That is, **the use-value of labor-power to the capitalist is precisely its ability to produce value.**⁶

Furthermore, the **value produced is above cost**. Thus, we read:

[T]he use-value of labor-power to the capitalist as a capitalist does not consist in its *actual* use-value, in the usefulness of this particular concrete labor – that it is spinning labor, weaving labor, and so on. He is as little concerned with this as with the use-value of the product of this labor as such, since for the capitalist the product is a commodity (even before its first metamorphosis), not an article of consumption. ... the use-value of the labor is, for him, that he gets back greater quantity of labor-time than he has paid out in the form of wages. (Marx, 1905a, p. 156)

For it [capital], the use-value of labor-power is precisely the excess of the quantity of labor which it performs over the quantity of labor which is materialized in the labor-power itself and hence is required to reproduce it. ... [The] concrete character, which is what enables it to take the form of a commodity, is not its *specific use-value* for capital. Its specific use-value for capital consists in its quantity of labor in general, and in the difference, the excess, of the quantity of labor which it performs *over* the quantity of labor which it costs. (*ibid.*, p. 400)⁷

Of Ricardo, Marx is now able to show the weakness of his system. Ricardo can only say that the value of 'labor' depends upon the means of subsistence which in turn depends merely upon supply and demand. However,

Instead of *labor*, Ricardo should have discussed *labor-power*. But had he done so, *capital* would also have been revealed as the material conditions of labor, confronting the laborer as power that had acquired an independent existence and capital would at once have been revealed as a *definite social relationship*. Ricardo thus only distinguishes capital as 'accumulated labor' from 'immediate labor'. And it is something purely physical, only an element in the *labor-process*, from which the relation between labor and capital, wages and profits, could never be developed. (Marx, 1905b, p. 400).

In other words, by referring to the sale of 'labor', Ricardo skips over the fact that workers work with means of production they do not own; Ricardo's conception ignores that the workers do **not** have labor to sell, labor which would require means of production, but rather the worker has only the capacity for labor for sell:

... the worker is compelled to sell not a commodity but his own labor-power as a commodity. This is because he finds on the other side, opposed to him and confronting him as alien property, all the means of production, all the material conditions of work together with all the means of subsistence, money, and means of production.... the *conditions of his labor* confront him as *alien property*.(Marx, 1933, p. 1003)

In sum, without the distinction between labor and labor-power the class character of capitalism, the social relations of production of capitalism, cannot be adequately theorized as we would be staying in the terrain of commodity transactions. Political economists after Ricardo had struggled around the problem of what workers sell. But the problem couldn't be solved without distinguishing labor-power from labor. It took someone not only with Marx's intellectual powers but also his commitment to working-class peoples to do so. Others were not as committed as Marx to working-class interests or were even explicitly committed to capitalist-class interests.

A comment by E.K. Hunt (2002) suggests that the classical labor theory of value had originated from the industrial capitalist struggle against landlords and merchants, not from within the class character of capitalism itself: Commodity prices (setting aside scarce or one-of-a-kind commodities -- Ricardo, 1821, p. 12) are determined by quantity of labor. Distinguishing then between productive and unproductive labor within the labor theory became a weapon of the industrial capitalists against the landlords (even manufacturing capitalists of the time often undertook labor which they could describe as productive⁸). As capitalism in the 19th century developed, such a theory was no longer useful for bourgeois interests as the struggle against workers rose in importance. So, bourgeois interests found their own solution: dump labor as the creator of the value of commodities. We got 'marginalism', originating out of earlier utilitarianism of the likes of Bentham. We got an abandonment of a class-based political economy.⁹ Ricardo's theory had fulfilled its mission for capital. To drive it further required a transformation of its object to the interests of the working class.

The great importance of the concept of "labor power" was recognized by Engels. In his Preface to *Capital, Volume 2* after Marx's death, to aid understanding what Marx had accomplished with the discovery of 'labor-power', Engels compared Marx's discovery to Lavoisier's discovery of 'oxygen'.¹⁰

Labor-power as a concept has been subject to counter-attack. Steedman has a six-page discussion, saying that there is no problem solved by introducing the concept. Surprising, however, his position amounts to no more than an assertion, not a demonstration. That is, he simply says:

Let us refer to whatever it is that workers sell to capitalists as 'it', thus postponing the question whether 'it' is best described by labor, or as labor-power, or as disposal over the workers' time, etc. By definition, 'it' is exchanged but *'it' is most certainly not produced, let alone produced for the explicit purpose of sale*. Thus 'it' is not a product and the question of how 'it' can be a product which exchanges according to the 'law of value' and yet allow for the existence of a surplus is thus simply a *non*-question. (Steedman, 1982, p. 149, emphasis in original)

This assertion is simple, too simple: whatever it is that is sold to the capitalist is not something which is produced. Steedman provides no other argument, no analysis of what 'production' means. Workers are like 'land', a fixed resource utilized in production (he is followed later by Sinha, 1996, pp. 210-213, who refers explicitly to a fixed resource and argues how a market for labor power "does not exist"¹¹). Although workers are reproduced when obtaining their subsistence needs, thereby permitting them to stay live and to work (for capitalists), Steedman does not consider that their reproduction (survival) requires any production at all. While Steedman is perhaps thinking of the contrast between virtually unlimited production possibilities of bottled water, shirts, and chairs with quite limited production of additional humans (limited to the highest possible fertility rate and lowest mortality rate including increasing human longevity), we can still ask the following: What would be the difference, from a capitalist point of view, from the expansion of milking cows which requires the growth of livestock herds? Gestation is shorter but not different in principle. And, should we not include the penetration of non-capitalist modes of production as major source of expanding work time under the direction of capital? More on the latter will be discussed below.

IV. *Capital* (1867), Again: Value as Socially Necessary Labor Time, and Exchange Value as the Form of Value

By *Capital, Volume 1*, Marx is ready to emphasize **socially necessary labor time** as the only commonality possessed by commodities exchanging in the market; it is not the actual labor time which had gone into the production of a specific commodity being sold in the market. Sieber, very early on, saw the importance of this concept:

The introduction into science of this concept [of socially necessary labor time] once and for all eliminates any possibility of discussing the question of value within those narrow,

atomistic, confines in which very many economists speak of it: once and for the ground is cut from under the feet of those objections to Ricardo's theory (Walras, Bastiat, Macleod, etc.), who try to show its falsity in specific instances of exchange.... The value of a specific product is aligned here with the average value.... A product may cost less, but until this relative cheapness of production has become social the owner of the product enjoys on the market a certain advantage.... (Sieber, 1871, p. 32)

And relative cheapness offers a spur to each and every capitalist, including hunting for technological improvements in production which Marx incorporates into his concept of "production of relative surplus value".¹²

Perhaps independently of the transformation problem, the concept of '**value-form**' – including the "relative" and "equivalent" forms – emerges in the first published edition of 1867.¹³ A special Appendix "The Value-Form" was added to that edition, almost an afterthought, after Engels commented to Marx that the Hegelian language of the text body – which included the value-form – would put many readers off (Marx and Engels, 1948, p. 105). Marx must have been sufficiently satisfied with the new "non-dialectical" language that he placed much of the Appendix language in the body in later editions (and also removed most remaining Hegelian language from *Capital* – see White, 1996, Chapter 4). In the next edition, the third section of Chapter 1 becomes "The Form of Value or Exchange-Value". While the titling of that section could suggest that the value-form and exchange-value are the same, the wording of the actual explanation of the value-form does not.

Ranganayakamma (1999, Chapter 3) provides a straightforward, clear understanding of the value-form, describing it with examples such as the value of cloth being exchanged for a coat is "in the form of a coat" (N.B.: the coat, not a value of the coat). If we read carefully Marx's 1867 Appendix we find, in an example of linen exchanging for a coat, that the "linen is the commodity *which expresses its value in the body of a commodity different from it, the coat*" (1867, Appendix, p. 134). The linen's value is expressed in a coat, the linen's value is seen in the coat (while value itself is not seen). In later editions we find that the second commodity's function, in consideration of the relative form of value, is "merely to serve as the material in which the value of the first commodity is expressed" (1867, p. 55). And when a material such as gold monopolizes a position as universal equivalent, the money-form becomes the general form of value. This reading of the value-form is sustained in Arthur's (2003) work.

Work by Kliman (2000), following upon Rubin and Dunayevskaya, relates to the value-form, but with a subtle change. Standing upon a phrase "intrinsic value" used only once by Marx, Kliman says that value is the 'third thing' present in each commodity exchanged. This 'third thing' flows from the fact that commodities have only human labor in the abstract in common. And, "*living labor creates value, ... the commodity considered as the container of this labor in objective form, dead labor, is value*". He goes on to assert that Marx viewed "the embodiment of labor as value not as a transhistorical, technological reality, but as an alienated and fetishistic relation between subject and object" (pp. 106-107, emphasis in original). By distinguishing value from exchange-value in this manner, Kliman asserts that a domination of dead labor over living labor is thereby expressed – value is contained in dead objects (commodities), having been previously created by living labor. Similar argumentation appears in Dunayevskaya's conceptual discussion of the

organic composition of capital with her argumentation wholly centering upon her one point: Marx's concept of alienation "broke through all criticism" of bourgeois society (see Zarembka 2001, p. 360). All roads lead to Rome? But, if we don't want to go there? Kliman's argument seems to be merely a trick of prioritizing alienation in Marx's thought, just as Dunayevskaya did. Marx's discussion of the value-form is not closely followed, and "intrinsic value" seems offered as a substitute concept.

Interpretations of the value-form include works by the Uno school in Japan, including by Itoh, Lapavistas, and Sekine, as well as by Arthur, Reuten, Smith, and Williams. Discussing their works would take us afield with nothing to contribute for present purposes, except to say that the critique by Weeks (1990) appears consistent with the understanding of the present author, i.e., "the law of value must derive from the insight that capitalism is primarily a commodity *producing* society, and only secondarily a commodity *exchanging* society" (p. 18). Furthermore, the value-form seems to drop from any further role for Marx after Part I of *Volume I*, other than permitting Marx to denominate values and surplus values in pounds sterling (i.e., in units of money). This drop-off by Marx has been unexplored as far as we know.

Absence of the Transformation Problem

There is a further, more contentious, innovation in *Capital*. In the 1859 *Contribution*, Marx had not distinguished value from exchange value.

The labor time objectified in the use values of commodities is both the substance that turns them into exchange values and therefore into commodities, and the standard by which the precise magnitude of their value is measured. The corresponding quantities of different use values containing the same amount of labor time are equivalents; that is, all use values are equivalents when taken in proportions which contain the same amount of expended, objectified labor time. Regarded as exchange values all commodities are merely definite quantities of *congealed labor time*. (Marx, 1859, p. 272)

That is, there was no room for exchange-value departing from value. By August 1862, Marx was beginning to address the transformation problem (e.g., Marx's letter to Engels: Marx and Engels, 1948, pp. 74-78): the value and exchange-value distinction could not be easily ignored. The transformation problem of values into exchange-prices was later to become a weapon of the bourgeois criticism of Marx. Part of the subsequent debate actually originated from the errors in Engels' editorship of Marx's *Volume III* and then of Bortkiewicz's alteration of textual evidence for his own purposes (see Ramos, 1998-99).

Volume I is interspersed with such comments as "we assume that the capitalist sells at their value the commodities he has produced, without concerning ourselves either about the new forms that capital assumes while in the sphere of circulation, or about the concrete conditions of reproduction hidden under these forms" (Marx, 1867, pp. 529-530; see also pp. 298 and 486.) Marx even says on the fourth page of Chapter 1, but only in the first edition, it being deleted in subsequent editions: "Hereafter if we use the word value without further determination what is always meant is exchange value".¹⁴ In any case, to make it absolutely clear, he says

We have in fact assumed that prices = values. We shall, however, see, in Book III, that even in the case of average prices the assumption cannot be made in this very simple manner. (p. 212, fn. 1).

Subsequently, Marxist political economy, as well as bourgeois economics, has been obsessed with this issue of the relationship of labor time in production with the pricing of commodities. Sinha's (2010) wide-ranging criticism of Marx includes focusing on this concern (pp. 181-188, 205-213, and 222-258) and follows a path led by Böhm-Bawerk whose well-known 1896 critique, says Sinha, "is among the best and most forceful to date" (p. 205). Marx's failure to solve this issue can even be argued to be the single most important conceptual argument against Marx that Keynes had at hand when, after his reading McCracken's (1933) book including a chapter on Marx, Keynes wrote to McCracken, "Having now read your book, I must again thank you for having sent it to me. For I have found it of much interest, particularly perhaps the passages relating to Karl Marx, with which I have never been so familiar as I ought to have been" (Kates, 2010, p. 44).

This author does not accept that Marx was interested in individual price explanation. To assume that price reflects value for individual commodities, as Marx does in *Capital, Volume 1*, was Marx's method to dispense with that issue for the purposes of arriving at his fundamental analysis of the capitalist mode of production. With his attempt to address individual prices in *Volume 3* with his discussion of the transformation problem, Marx had sought an avenue to have closure on the problem. He could not come to a full conclusion and did not publish his attempt before he died.

We would argue that there is an alternative, more in keeping with Marx's methodology but not within Marx's attempt: there should only be concern with the **collection of commodities consumed by workers for which total collection's price needs to correspond to the collection's value**. Such an approach would likely address many of the technical concerns that have been offered regarding individual commodity pricing, including the difficult problem of "joint production". With that approach we would have surplus value as the difference between the overall value that workers produce compared to the value of their labor power. One could suspect that some room would still be left for further criticism of Marx, but not as compelling (except perhaps for those who would think that Marx had to offer everything needed, or he can be dismissed).

Value: Marx's 1868 Letter to Kugelmann and Other Letters

A comment about Marx's *Capital* in an 1868 Leipzig publication led Marx to write his friend Louis Kugelmann a sharp defense of value. Noting the modern endless discussions about value, Marx's reply is worth noting:

... if there had been no chapter at all on 'Value' in my book, then the analysis of the real relations which I provide would contain the proof and evidence of the real relation of value. All the gossip about the necessity of proving the concept of value is based only on the most complete ignorance, as much of the problem under discussion as of the scientific method. Every child knows that any nation which stopped work – I will not say for one

year – but just for a couple of weeks, would die. (Marx and Engels, 1948, p. 148, emphasis in original).

Value is directly connected to work. This reproduces what he wrote Engels in 1851, “Value as such has no other ‘material’ than labor itself” (p. 58). More astonishing is that Marx is saying that his first chapter could be dropped and his work would still obtain! Of course, he is not saying that it should be dropped, but nevertheless.... We will see reflection of this point of view when we meet Sieber and turn to Luxemburg and it should be taken very seriously. The letters we are referring to in this subsection were only published first in Russian in 1948, then in German in 1954 and in English in 1983, a century after Marx’s death.¹⁵

Marx goes on. The “*necessity of the division of social labor in certain proportions is not at all negated by the specific form of social production....*” And, in circumstances like capitalism “in which the connection of social labor asserts itself as a *private exchange* of the individual products of labor, [the form] is precisely the exchange-value of those products.” (p. 148, emphasis in original)

Marx then concludes by turning to the scientific question, saying:

Science consists precisely in working out *how* the law of value asserts itself. So if one wishes to “explain” all the phenomena which appear to contradict the law from the very start, then one would have to provide the science *before* the science. This is exactly Ricardo’s mistake.” (Marx and Engels, 1948, p. 148, emphasis in original).

This remark can be understood with a simple example. If we are studying the rate of acceleration of falling object near the surface of the earth, we do not explain the effect of air resistance *before* we establish the law of acceleration as being 32 feet per second per second. And, from another angle we can understand why Marx wrote in *Volume I*, “We have in fact assumed that prices = values” (already discussed above), and also why he wrote Domela-Nieuwenhuis in 1880, that “the connection between ‘value’ and ‘production price’ ... do not belong at all to the theory of value as such” (p. 198)

Marx goes on to explain Ricardo’s mistake. We, however, prefer the language he uses to Engels in 1877 to make the same point, “Ricardo’s great sin, which made him indigestible from the start, was precisely the attempt to prove the correctness of his theory of value by those economic facts which seemed to contradict it most” (p. 187).

V. Marx’s 1873 Appreciation of Sieber’s Discussion of Value, *Capital, Volume I, First Edition*

“[O]nly a short step separates the approach to the question of the Smith-Ricardo school from the definition of the subject [of value], which left nothing to be desired in terms of clarity, precision and certitude. The credit ... should be given to the German economist K. Marx.”
– Sieber (1871, p. 17)

"N. Sieber ... referred to my theory of value, of money and of capital, as in its fundamentals a necessary sequel to the teaching of Smith and Ricardo. That which astonishes the Western European in the reading of this excellent work, is the author's consistent and firm grasp of the purely theoretical position."
– Marx (1867, p. 26, i.e., "Afterword" to 1873, second German edition).

How far did Marx move away from Ricardo? Doubts can be offered, using Marx's own words. N. I. Sieber analyzed the first edition of *Capital* in Marx's lifetime and claimed that "Marx's method is the deductive method of the whole English school" (Sieber, 1871, p. 30, where we note that the full text was translated from Russian only in 2001). Marx (1867, p. 26) cited this sentence of Sieber in his 1873 'Afterword' to his second edition of *Capital* – and without any objection. Indeed, a few sentences earlier in the same Afterword, Marx describes Sieber's work as "excellent" on the theoretical issue of value. Sieber also wrote the comment reported in our section heading. He said that Marx imparted to the Smith-Ricardo school a "fuller and more complete form, and also endorse[d] its validity with new proofs" (Sieber, p. 30).

In 1874 Marx read and commented upon Sieber's article "Marx's Economic Theory", published that same year (Sieber, 1874, translated from the Russian in 2011). This article contained some criticisms of Marx, yet did not dissuade Marx from approval of Sieber. Indeed, in 1881 Marx is still rendering a positive judgment of Sieber's work: "Mr. Wagner could have familiarized himself with the difference between me and Ricardo both from *Capital* and from Sieber's work (if he knew Russian)" (Marx, 1930, p. 534).

Did Marx pass over Sieber's evaluative sentences comparing himself to Ricardo, perhaps being more concerned with the substance of Sieber's description of the distinction? Did Marx simply appreciate having his work being seriously considered? Or did Marx agree with these evaluative comments, even toward the end of his life? Certainly, Sieber was learned: both White (2001, p. 13) and Smith (2001, p. 59) have been very complimentary of Sieber's understanding of Marx's first edition.

Sieber was well aware that a definition of value is at stake; he even motivates his chapter with the question "what exactly is value?" (1871, p. 17). He begins by meticulously summarizing Marx's first chapter. He then undertakes his own comparison of Marx to Ricardo in order to show how Marx's theory contained "new and important scientific propositions, which impart to Ricardo's theory a fuller and more complete form, and also endorse its validity with new proofs". Note that Marx's eventual *Theories of Surplus Value* lay in draft form on some shelf in Marx's study and, of course, was unavailable to Sieber as an aid. These new propositions, in Sieber's order, are the following:

- i. Rather than being only a "regulator" of exchange, labor itself is value. It is "the only *social* creator of those proportions in which acts of exchange take place" (p. 31). Labor in its universal form only exists in exchange economies (a point already suggested by Sieber a few pages earlier, i.e., pp. 24-25).
- ii. Marx's "socially necessary labor time" cleans up a problem raised by those objecting to Ricardo's theory on narrow, individual grounds (pp. 32-33).

- iii. The money form is a necessity for commodities to pass to the stage of being "fully a value, abstract labor" (p. 36). Indeed,

... neither Ricardo himself nor his followers, being concerned as they were solely with investigations into the magnitude of value and conditions upon which it depended, paid any attention to the qualitative difference between the labor contained in money and that contained in other products, and did not notice that only labor of the first type was labor of the directly social form.... The money form, [Marx] says, is indispensable for every commodity, because only by manifesting itself in monetary material can each concrete type of *labor* become social labor." (pp. 41-42).

Marx himself, following upon his 1881 re-statement of appreciation of Sieber, confirms Sieber's reading when saying that "Ricardo did indeed concern himself with labor solely as a *measure of the magnitude of value*, and was therefore unable to find any link between his theory of value and the nature of money" (Marx, 1930, p. 534). Note that Marx had made the same point back in the 1859 Appendix to his *Contribution* which we discussed above.

- iv. Money is not merely a convenience (as J. S. Mill had argued); rather, "a profound and many-sided division of labor is impossible without money" (p. 40), says Sieber in interpreting Marx. Indeed, economists prior to Marx ignored "the form of value", and "the determination of those specific particularities which characterize monetary exchange in economies with the division of labor" (p. 43).

In reading Sieber, one can join Marx in being appreciative of the depth of Sieber's understanding. Marx certainly had no reason to say of Sieber what he said later of Rodbertus who "has neither examined nor grasped the substance of value any more than Ricardo did" (Marx, 1930, p. 552). Still, in spite of Sieber's words suggesting a "short step", does not Marxist value theory represent a major break from Ricardo, a break of the depth of representing a change in class position in theory? Sinha (1990, p. 42) correctly suggested that the "concept of *value* in the discourse of *Capital* refers to its object, the *capitalist mode of production*, and does not take shape without the introduction of the capital-wage labor relation, an element ... that is explicitly absent" from the beginning discussion of simple commodity production.

Milios, et al. (2002) have argued that Marx's value (and, thus, surplus value) is a monetary one, determined in exchange. But they also argue that value itself is **conceptually non-measurable**. Value is only indirectly measurable through its monetary form, through its appearance therein. As such, it is distinct from Ricardo's which is measurable. Marx's value introduces a "theory of *social homogenization of labor under capitalism*" (p. 10). To try to actually measure value directly would be Ricardian. However, they say, Marx in *Volume 3* did exhibit a rising influence of Ricardian thought in the mid-1860s and that, in fact, the first half-dozen pages of *Capital, Volume 1*, i.e., Section 1 of Chapter 1, are thoroughly Ricardian. Nevertheless, they claim, the next hundred-plus pages of *Volume 1* after Section 1 "theoretically recast" (p. 17) those first pages. Section 1 posed three theses which are Smithian labor-expended or its equivalent in Ricardo, i.e., exchange value expresses inherent value of a commodity; value is proportional to

labor time expended in production; and so "relative values, as *relations of exchange* between commodities derive from their (inherent) values, as the ratio of ... their values" (p. 14). By contrast, they say, Section 2 introduces "abstract labor", while the following some hundred pages (i.e., the rest of Part I, "Commodities and Money") concern exchange value and lead to the question of money. All the material after Section 1 represents the deeper understanding. Milios, et al. go on to state that value arises out of the specific social relations which constitute the capitalist mode of production leading to social homogenization of labor within the market. Thus, the concept of 'abstract labor' arises, which is an 'essence' of laboring activity within – dependent upon – this mode of production. The "whole weight of the analysis must be placed on exchange value.... Exchange value is the sole *objective materialization* (form of appearance) of value" (p. 21).

In fact, the observation by Milios, et al., that exchange value is the sole appearance of value (supposedly implying value being non-measurable) already appears within Section 1 which they say is Ricardian: "exchange-value is the only form in which the value of commodities can manifest itself or be expressed" (Marx, 1867, p. 46). Marx immediately follows this by saying that first

we have to consider the nature of value independently of this, its form.... How, then, is the magnitude of this value to be measured? Plainly, it is by the quantity of the value-creating substance, the labor, contained in the article. The quantity of labor, however, is measured by its duration, and the labor-time in it finds its standard in weeks, days, and hours.

The latter would be the "Ricardian" element within Marx, following Milios, et al. They do not claim that such an element appears later in *Volume 1*. Yet, reference to value being associated with labor time is frequent, even past all of Part I. The value of labor-power "is determined, as in the case of every other commodity, by the labor-time necessary for the production, and consequently also the reproduction, of this special article" (p. 167), a citation from Part II. This passage goes on to illustrate a calculation the value of labor power and repeats that "the value of every commodity is determined by the labor-time requisite to turn it out so as to be of normal quality" (p. 169). In Part III, we find reference to "determining the value of the yarn, or the labor-time required for its production" (p. 182). In Part IV, we find "the value of labor-power, i.e., the labor-time requisite to produce labor-power" (p. 297), and "the law of the determination of value by labor-time" (p. 302). In Part V, we find "the value in which a day's labor is embodied, increases with the length of that day" (p. 493); etc.

We, therefore, cannot follow Milios, et al., in claiming that a major distinction between Ricardo and Marx is that the former thought value to be measurable, while the latter posed a monetary theory of value for which value itself is non-measurable. However, the argumentation of Milios, et al., is rather unusual in claiming that Marx in the mid-1860s was more influenced by Ricardian thought than at the earlier time of the *Grundrisse* and *A Contribution to the Critique of Political Economy*. Marx was, for them, in a sense, regressing. To sustain that position, they would need to study the changing character of the three editions of *Capital, Volume 1*, that Marx supervised, at least note Marx's personal reaction to Sieber's work on Marx and Ricardo, and go on to Marx's

1881 "Notes on Wagner" which contains a considerable amount of material on value. In this regard, see Zarembka (2013).

VI. "Notes on Wagner" (1881): Finale

We have already mentioned that Marx again compliments Sieber in his 1881 notes on Adolph Wagner's *Lehrbuch der Politischen Oekonomie*. The notes are of course reactions to Wagner's writings rather than Marx's direct, coherent argument. Nevertheless, certain of these notes are suggestive for our discussion of value:

As for 'Labor', Mr. Wagner does not distinguish between the *concrete character of each kind of labor* and the *expenditure of labor power* common to all these concrete types of labor.... [I]n this duality of the commodity there presents itself the dual *character* of the *labor* whose product it is: of *useful labor*, i.e. the concrete modes of the labors which create use-values, and of abstract *labor*, of *labor as expenditure of labor power*, regardless of the 'useful' way in which it is expended.... (Marx, 1930, pp. 531, 546)

What I proceed from is the simplest social form in which the product of labor presents itself in contemporary society, and this is the '*commodity*'. This I analyze, initially, in the *form in which it appears*. Here I find ... a *use-value* [and] a *bearer of exchange-value*.... Further analysis of the latter shows me that exchange-value is merely a '*form of expression*', an independent way of presenting the *value* contained in the commodity.... [T]he *concrete social form* of the product of labor, the *commodity*, is on the one hand, use-value and on the other, 'value', not exchange value, since the mere *form* of expression is not its own *content*. (pp. 544-45)

... when analysing the commodity I do not immediately drag in definitions of 'capital', not even when dealing with the 'use-value' of the commodity. Such definitions are bound to be sheer nonsense as long as we have advanced no further than the analysis of the elements of the commodity.... [M]y *analytic* method ... does not proceed from *man* but from a given economic period of society.... (pp. 546-47, paragraphing not indicated)

The first illustrates the importance of clearly recognizing "abstract labor". The second extract confirms breaking through the exchange value to get to its substance, **value**. The third defends, at least implicitly, the ordering of *Capital* studying the capitalist mode of production by starting with "Commodities", rather than a humanistic definition of humanity.

VII. A Problem: Value alongside Accumulation of Capital

Marx began his theoretical work by recognizing economic categories as socially determined. Later, he introduced the concept of abstract labor. They were followed in *Capital* by introducing labor power as a concept and arguing that value is the substance of exchange-value, but distinct

from it. Little movement regarding 'value' occurs thereafter. Yet Marx's developing understanding retains a presumption, dating at least as early as 1858, that leads to a problem. That year Marx wrote Engels an outline of what he was preparing and included a significant comment concerning value:

Value. This is reduced entirely to the quantity of labor; time as a measure of value.... Value as such has no other 'material' than labor itself.... It already presupposes 1. the destruction of natural communism (in India etc.); 2. the destruction of all undeveloped, pre-bourgeois modes of production which are not governed in their totality by exchange. Although it is an abstraction, it is an abstraction which can only be assumed on the basis of a particular economic development of society.... (Marx and Engels, 1948, p. 58)

And in the *Grundrisse*, we find:

The economic concept of value does not occur in antiquity.... The concept of value is entirely peculiar to the most modern economy, since it is the most abstract expression of capital itself and of the production resting on it. (Marx, 1939-41a, p. 776)

This presumption is continued in *Capital, Volume 1*. In a footnote on accumulation of capital, Marx includes the statement: "In order to examine the object of our investigation in its integrity, free from all disturbing subsidiary circumstances, we must treat the whole world as one nation, and assume that capitalist production is everywhere established and has possessed itself of every branch of industry" (1867, p. 545, fn. 1). Luxemburg (1913) reviewed several other statements Marx made in this regard, notably in *Volume 2*, and leaving "no doubt, therefore, that Marx wanted to demonstrate the process of accumulation in a society consisting exclusively of workers and capitalists, under the universal and exclusive domination of the capitalist mode of production" (pp. 311-313). As a simplifying assumption, who can fault Marx, particularly when we know full well that he knew the world was much more complex. But the presumption is problematic within the internal logic of his work, and, as we shall see, could shake the concept of value.

The problem arises from the fact that the separate concept 'accumulation of capital' is not consistent with presumption of a fully capitalist social formation. While inadequately appreciated theoretically (see Zarembka, 2000), Marx's 'accumulation of capital' must include **continuing** penetration of non-capitalist modes. As Marx expressed it, "a part of the annual surplus-labor must have been applied to the production of additional means of production and subsistence.... Now in order to allow of these elements actually functioning as capital, the capitalist class requires additional labor.... Accumulation of capital is, therefore, increase of the proletariat" (Marx, 1867, pp. 544-45, 576). While population increase could be a partial element, such increase cannot be the essential element for the understanding of accumulation of capital. On the other hand, presumption of a fully capitalist world undermines this understanding of 'accumulation of capital' in *Capital*. **Marx's presumption in *Capital* of a fully capitalist world does not mesh with the understanding of accumulation.**

"Results of the Immediate Process of Production"¹⁶, unpublished by Marx but written by 1864 (White, 1996, p. 192), already contained the seed of the problem:

The *process of accumulation* is itself an intrinsic feature of the capitalist process of production. It entails the *new creation of wage-laborers*.... [C]apital not only produces capital, it produces a growing mass of men, the material through which alone it can function as additional capital.... Capitalist production is not merely the reproduction of the relationship [of capital and wage-labor]; it is its reproduction on a steadily increasing scale....

The *growth of capital* and the *increase in the proletariat* appear, therefore, as interconnected – if opposed – *products* of the same process. (Marx, 1933, pp. 1061-62)

Yet, "Results" was left out by Marx when *Volume I* went to the publisher in 1867, and the published *Volume I* shows that "very little remained of the argument that in its cycle of reproduction capital created its own preconditions on an ever increasing scale" (White, p. 201).¹⁷

Value is developed in *Capital* as the foundation for Marx's theoretical understanding of the capitalist mode of production. Since *Poverty*, economic categories were to be understood as socially conditioned. **What then is to be the appropriate object of analysis leading to the concept of value, simply the capital/wage-labor relation, or that relation as well as the penetration of non-capitalist modes of production corresponding to accumulation of capital?** The former has been universally presumed, based upon Marx's simplifying assumption that "capitalist production is everywhere established". But if penetration must be included in the object of analysis is value left unaffected?

Value and its Realization, with Accumulation of Capital¹⁸

Without even concern for penetration of non-capitalist modes of production, Weeks (1982) makes the startling claim that without full realization of all production, Marxist theory of value must be rejected. Unlike neo-Ricardian value, Weeks (1982) says, Marx's understanding of value is snuffed out with incomplete realization: "if one postulates that a 'pure' capitalist system is endemically afflicted by the inability to sell all that is produced, then the Marxian concept of value *must* be rejected" (Weeks, 1982: 61, italics in original). Raising the stakes for those who claim chronic realization problems within the capitalist mode of production, Weeks claims that proponents of underconsumptionism (mentioning particularly Baran and Sweezy) are compelled to abandon Marxist value theory.¹⁹ Given that Luxemburg and this author (Zarembka, 2000) argue chronic overproduction within 'pure' capitalism, should not Weeks's conclusion, on its own, suggest unsustainability for Marx's value theory? We do not think so, at least in the incomplete form presented.

Weeks's argument on the incompatibility of Marx's value theory and incomplete realization, in the beginning, is carefully laid out, starting with numerical tables of reproduction measured in both use-value magnitudes as well as in values. In the process he lays out his understanding of the precise role for Marx's value conception. Marx's conception (not Ricardo's) is at stake, says Weeks, when realization is not assured. Where Ricardians aggregate labor time in disparate production processes, Weeks argues that labor time referencing laboring activity for one product is distinct from labor time referencing another product. "What is required is a measurement in units of *generalized labor time* which abstracts from the particular characteristics of each

concrete laboring activity” (p. 66, italics added), and that Marx’s concept of abstract labor and socially necessary labor does indeed offer the basis for the required intermediating concept, i.e. value. Those necessary abstractions are achieved in practice, socially, through capitalist competition whereby capitalists are forced to interact and adopt norms of efficiency under the discipline of monetary costs. Price is then the observed form of value. Realization involves the conversion of commodity capital into money capital through sale.

Realization is required, continues Weeks, because it determines the socially necessary labor time. That is, failure of realization implies that some part of labor time is *socially unnecessary*, some working time under wage labor conditions is not transformed into value. The conception of value would be therefore undermined.

If under-realization is endemic, ... then it becomes, in effect, merely an ideal, a construction of the mind. Realized abstract labor time in such a case is set by the determinants of the [monetary] expenditure by workers and capitalists. Production still plays a role, but a very limited one. (p. 73)

Furthermore, should an external market outside capitalism be introduced,

total realizable value is no longer constrained by the labor time expended in production.... If external demand is buoyant, the use values produced can exchange for an amount of money representing labor time far in excess of that expended in production, and the production process determines nothing except the number of use values available for circulation. (pp. 72-3)

A weakness in the structure of Weeks’s argument centers upon the issue of money. When discussing the possibility of an external market, Weeks refers to money possibly “representing labor time far in excess of that expended in production”. Does not this mean that the social base of money is not necessarily related to capitalism? Even before considering any possible external market, Weeks refers to the possibility of a failure of realization as meaning that not all produced commodities can be converted into money capital. He says, “the quantity of value objectified in the produced commodities is determined by labor time expended *if money exchanged against these commodities is equal to [the produced] value*” (p. 71, italics added). But there is no statement of what “money”, including its relation to “value”, is to mean. No theory of money completes his argument; money is referred to as if obvious. Indeed, what determines money representing labor time at all? Or, could a theory be offered that the value represented by the money transacted in sales does, in fact, represent the value in production, even in the presence of overproduction? The latter might turn out to be a circular argument. Still, in the absence of an explicit concept relating money independently to value, an emptiness in the argumentation surfaces.

While Weeks provokes concern for the relationship of value to realization, and while it is correct that laboring in one production process (or in one part of one production process) is distinct from another, we need not consider these as incommensurable *labor times*, but rather as simply incommensurable *labors*. We ought not to conflate labor times and labors, the former being measured by the clock as units of “value” (witness Marx’s discussion of the production of

absolute surplus value in which he recounts how minutes are stolen from workers simply by playing with the clock). Abstract labor – the foundation for Marx’s value – is in the relation of wage labor to capital in which the worker who has sold her or his labor time is told by the capitalist what actual laboring activity to do. One does not therefore need to introduce, as Weeks offers, an additional concept “generalized labor time”, supposedly achieved under the discipline of monetary costs. Value is defined in the production relation, and it would not be neo-Ricardian when Marxist political economy avoids introduction of “generalized labor time”. Thus, chronic failure of realization is not necessarily inconsistent with having value as a concept applicable to the capitalist mode of production.

Concern for the foundation of value may relate as to whether, for individual commodities, value is solely defined in production prior to exchange, or whether exchange has a role in the determination of value (see, e.g., Kristjanson-Gural, 2005). If value is defined in production, perhaps the concept of value would remain uncontaminated by the inadequacy of presuming a fully capitalist world. If, on the other hand, exchange has a role, how would requirements of penetration of non-capitalist production be included in having a role in the understanding of value? Would **creation** of exchange relations, the creation of market transactions out of a non-market environment, impact the concept of value itself?

VIII. Reconsidering 'Value' in the Presence of Accumulation of Capital Understood to Focus on Increased Employment of Wage Labor

“Capitalist accumulation as a whole, as an actual historical process, has two different aspects. One concerns the commodity market and the place where surplus value is produced – the factory, the mine, the agricultural estate....

The other aspect of the accumulation of capital concerns the relations between capitalism and the non-capitalist modes of production which start making their appearance on the international stage.... Force, fraud, oppression, looting are openly displayed without any attempt at concealment, and it requires an effort to discover with this tangle of political violence and contests of power the stern laws of the economic process.”

–Luxemburg (1913, p. 432)

Marx spent many years after the publication of *Volume 1* in studying pre-capitalist societies, including reading much Russian literature. It began most clearly just before sending the volume in for publication:

Just as Marx was about to publish the first volume of *Das Kapital* he had run into serious problems with the section of his projected work which would deal with the circulation of capital. He had hitherto assumed that capital would spread throughout the world carrying all before it, but he had overlooked the fact that even in his own native Hunsruecken despite the development of capitalism, the older, collective, social and economic system

still survived. Capitalism, apparently, did not necessarily erode traditional peasant society, but coexisted with it. Marx removed much of the philosophical underpinnings for his earlier view of capitalist development from the published version of *Das Kapital*, continuing the excisions in the second and French editions, and he embarked on a lengthy empirical investigation of how capital actually began to circulate. He had an excellent example to hand in Russia, which had just embarked on the capitalist road, having abolished serfdom a few years earlier. In 1870 Marx learnt Russian and got down to the serious job of collecting materials on Russian economic development. (White, 2001, pp. 12-13, summarizing a major result of his own 1996 book)

Marx wrote Engels in 1870 that **the most important work published since Engels' own *Condition of the Working Class in England* was Flerovsky's *Condition of the Working [Peasant] Class in Russia* (published in 1869)!** Flerovsky's book focuses precisely upon the proletarianization process, including the role of taxation: "The main reason which compels the worker [peasant] to resort to the capitalist is to pay his taxes" (translation by White, 1996, p. 249, who also explains that a "worker" for Flerovsky is a "peasant" in our usage). It is fair to say that Marx was trying to understand the forms of, and limitations, to capital's penetration, and it became a continuing study of his to the end of his life, including extensive correspondence with Russians.

Consider a later example: Wage-labor was desired for Rhodesian gold mines. It was supplied, after 1892, by the British instituting extraordinarily high taxation on peasant land in Nyasaland (now Malawi), and so forcing sons off the land to migrate to wage-labor employment in gold mines. Such jobs could provide direct help for paying the land taxes or could provide a market for cash crops used to pay the taxes (van Onselen, 1976). When the process, nevertheless, still led lands into receiverships and a subsequent conversion of remaining family members into wage-labor work on capitalist farms producing subsistence crops, the full result would be the conversion of all subsistence peasant farmers into proletarians producing value. This is then a clear accumulation of capital. (For cases like this after capitalism had been established as a mode of production, such a result is often, but unfortunately, mislabeled 'primitive accumulation' -- see Zarembka, 2002.)²⁰

What of the intermediate step in which some peasants are producing cash crops, in turn purchased by those in the mines? The miners are working wage-labor jobs producing value. But what of the peasants selling those cash crops needed to pay taxes? The process involves coercion, the power of the state to expropriate land for non-payment of taxes, not any 'free market'. Where does the traditional focus of value creation upon wage-labor producers capture the coercion of **becoming** proletarianized?

There are some indications in Marx's work, albeit rare in his later work, that value is not always defined clearly around wage-labor. Consider the following from "Results" (removed by Marx before publication of *Volume I*):

The distinctive character of the *formal* subsumption of labor under capital appears at its sharpest if we compare it to situations in which capital is to be found in certain specific, subordinate functions, but where it has not yet emerged as the direct purchaser of labor

and as the immediate owner of the process of production, and where in consequence it has not yet succeeded in becoming the dominant force, capable of determining the form of society as a whole. In India, for example, the capital of the *usurer* advances raw materials or tools or even both to the immediate producer in the form of money. The exorbitant interest which it attracts, the interest which, irrespective of its magnitude, it extorts from the primary producer, is just another name for surplus value. (Marx, 1933, pp. 1022-23)

Yet an example like this is enough enough to call into question Marx's overall usage of the concept of value.

Marx's late interest in capital's penetration had a successor in Luxemburg's interest in the same question, evidenced most concretely by her *Introduction to Political Economy*, a draft being published posthumously (only half of it found after her murder). Her work used many of the same sources Marx had studied, and integrated these questions into her own theoretical work. Luxemburg's conclusions concerning primitive communism's longevity are interesting. While the last form of primitive communism – the Russian commune – had survived because of its adaptability, "there is only one contact that it cannot tolerate or overcome – contact with European civilization, i.e., with capitalism.... it accomplishes what millennia and the most savage Oriental conquerors could not: the dissolution of the whole social structure from the inside...." (Luxemburg, 1925, p. 226). And, for the comparative power of capital to rip these people from all means of production and enabling it burst these societies into value producing ones, we cannot just look at capital. We also have to look at the weaknesses of the primitive societies, including as she does, the developments in their specific practices of warfare. While Marx, judging by a number of his interventions on this issue, seemed to think that primitive communism resisted capital more than Luxemburg argued, examining this disparity is unnecessary for our purposes.

IX. Luxemburg on Value and the Necessity of Money

Although their connections are deep, Marx's *Capital* and Luxemburg's *Introduction to Political Economy* have distinct beginning points. Marx begins with "Commodities". Luxemburg (1925) does not arrive at this subject until after several chapters, namely, those on "What is Political Economy?" (pp. 89-145), "Social Labor" (no existent copy), and two on "Material on Economic History" (pp. 146-195 and 195-234), including primitive communism, the feudal system, and the medieval city and guilds, a portion of which we have already cited. Her draft chapter on commodity production (pp. 234-260) is followed by one on "Wage-Labor" (p. 260-293)²¹.

For Luxemburg, the capitalist mode of production arises in an historical context that must be discussed first. With regard to the concept of value – which comes after historical discussion – she comments: "At the time when the shoemaker and the baker exchanged their respective products, as I said, it was still obvious and visible that exchange came into being because, despite their different uses, each of these took the same amount of labor as the other, and each was therefore worth the same as the other in so far as they both took the same amount of time."

(p. 257). Labor time regulates exchange. It suggests that the concept of value would apply for exchange before capitalism, although she does not quite yet use the word *value*. A passage in *Accumulation* (pp. 234-235) reads similarly. Does this call into question Marx's theoretical remarks in the *Grundrisse* (as we have already cited: “The concept of value is entirely peculiar to the most modern economy, since it is the most abstract expression of capital itself and of the production resting on it”; Marx, 1939-41a, p. 776 – text for which Luxemburg could not have). This clearly states that value requires the historical context of capitalism. As we have noted, Marx emphasized, already in *Poverty of Philosophy* (1847), that economic concepts arise in the historical conditions; we do not have evidence that he changed his idea on this matter.

Let us set this issue aside, for Luxemburg immediately continues by offering a clear statement of Marx's contribution regarding value compared to Smith's and Ricardo's:

In the second half of the eighteenth and the early nineteenth century, the Englishmen Adam Smith and David Ricardo made the great discovery that the value of each commodity is nothing other than the human labor it contains, so that with the exchange of commodities equal quantities of different kinds of labor are exchanged for one another. Money is simply the mediator here.... [However,] the discovery that what is contained in the exchange-value of every commodity, even money, is simply human labor, and the that the value of a commodity is therefore that much greater, the more labor its production requires, and vice versa, is only a half truth. The other half of the truth consists in the explanation of how and why it is that human labor then assumes the strange form of exchange-value, and the puzzling form of money at that. The English founders of political economy did not even raise this question...

... Only Karl Marx ...made comparisons between present relations and earlier ones at other times. He showed in this way that people had lived for thousands of years without knowing much about money and exchange.... This meaningless invention [money, being without itself any particular use] is thus a necessity without which no exchange would be possible, i.e. the entire history of culture since the dissolution of primitive communism. (pp. 257-258)

This passage comes after a long discussion about money and pregnant with possibilities. Luxemburg offers an understanding of thousands of years of history which she says is not merely hypothetical but based upon fact. Humans lived without trading for a long time. Trading is then described by her as developing, being illustrated by the cobbler producing shoes and the baker producing bread and each who are specializing needing the product of the other. They exchange. As exchanging products becomes more complex, the need for some product that is pretty much universally required by everyone is very useful, so that the desire for this product and the awareness that if you have it you could use it for trade is simultaneously satisfied. This product is cattle which can provide all of life's necessity – “meat, milk, hides, plowing service, etc. (p. 244). Cattle, “a product of labor that was desired by everyone and at all time” becomes money. Subsequently, “the more that cattle were used as mediator in universal exchange, the more the immediate use of cattle as a means of subsistence fell into the background” (p. 246). Then a metal – notably useless for sustaining life – is able to replace cattle as money. She notes as a

coda that “the old Roman word *pecunia*, meaning money, stems from *pecus*, meaning cattle” (p. 248).

Money takes on the role of wealth, either cattle or a dead piece of metal. But money is not the basis of wealth, labor is. We can see that in Marx when he refers to *real* accumulation of capital, e.g., “it may also happen that surplus-value must be converted into money and this money hoarded for a much longer time before this process, i.e. real accumulation, expansion of production, can take place” (Marx, 1885, p. 493). From the remark, likely among the last that Marx wrote for any portion of *Capital*, it seems clear that money is not accumulation as such, presumably because money does not itself produce any value. Rather, money in capitalism is rather a kind of a holding mechanism to be used for value creation when workers are hired with it.

Baronian (2013) seems to partly understand Luxemburg’s *Accumulation of Capital*: “Rosa Luxemburg’s main contribution to Marxist political economy is to use the schemes of reproduction in order to analyze the real conditions of capital accumulation at the global scale” (p. 158). But, he also misunderstands her. He adds to this statement, citing her p. 104 of the German (p. ??? of the 2003 version of the English translation) that “she forgets that money is not only the form in which surplus value is realized, but the starting point of the production and reproduction process itself.” Says Baronian, the accumulation process has as its aim “money itself as the absolute form of value.” Is not the aim, we ask, the exploitation of more living labor power? And is not Luxemburg clear that the products produced under capitalist control must have a use-value in order to have an exchange-value, thus her poignant questions as to what a production process is to be used for. Indeed, her lecture notes on *Capital, Volume 2*, only now published for the first time in translation (written about 1911 – see Luxemburg (2013, p. 460, fn. *)) makes it clear that production of surplus value is the underlying focus of Marx’s work:

Volume 2 deals with the process of circulation of capital. The circulation of capital is the total process that capital as a whole goes through. This encompasses the purchase of raw materials, and of the means of production, the actual production process itself, and the sale of the goods produced. The circulation process is the entire circuit completed by capital.

Volume 1 deals with the middle phase, which is the decisive one, the most important, because it shows where surplus value comes from. (Luxemburg, 2013, p. 421, emphasis in original)

Still, much discussion within Part 3 of Marx’s *Capital, Volume 2*, centers on monetary questions and questions of hoarding. We must ask, what is money and its social role? It is not so simple as virtually all textbooks offer. Baronian’s second chapter discusses the necessity of money in Marx but without a clear conclusion, while Karimzadi (2013) addresses the question of the origin of money over the history of thought in political economy, and is somewhat critical of Marx for failing to get to the bottom of the issue. He does credit Marx with the emphasis on the necessity of exchange occurring in an historical context. What we do understand from Karimzadi is that Marx was unclear that money is not synonymous with a generally accepted medium of exchange,

whether as a commodity such as cattle, gold or silver, or as paper currency mandated by the state. This author has reviewed Karimzadi's book (see Zarembka, 2014).

Luxemburg's next chapter on wage-labor addresses the cost of labor power and the concept of surplus value. It is a clear presentation but without impact on our present study except needing to note that the concept of *abstract labor* is not mentioned. She also neglects to mention the concepts of *production of absolute surplus value* and *of relative surplus value* (although both are very clearly discussed in their practices), nor the distinction between *productive and unproductive labor*. In other words, Luxemburg's *Introduction* is not given to concept explication.

X. Luxemburg on Value in Marx contrasted to Smith and Ricardo

Luxemburg broke off her work on the *Introduction* to write and publish *Accumulation of Capital*. We need to examine her relatively few remarks on value therein. Those remarks are centered on discussion of Marx's correction of Adam Smith to include that the value of commodities must include not only the living labor but also the dead labor time represented in constant capital. In Smith, "the commodities annually produced by society as a whole can be resolved completely, as to value, into the two components: wages and surplus value. Here the category of capital has disappeared all of a sudden; society produces nothing but income, nothing but consumer goods, which it also consumes completely" (p. 33).

The fact that Karl Marx had "stubbornly pursued this matter for a long time without getting anywhere at first as witness his *Theories of Surplus Value*, proves this theoretical problem is indeed extremely hard to solve. Yet the solution he eventually hit on was strikingly successful, and it is based upon his theory of value. Adam Smith was perfectly right: nothing but labour constitutes the value of the individual commodity and of the aggregate of commodities. He was equally right in saying that from a capitalist point of view all labour is either paid labour which restores the wages, or unpaid labour which, as surplus value, accrues to the various classes owning the means of production. What he forgot, however, or rather overlooked, is the fact that, apart from being able to create new value, labour can also transfer to the new commodities the old values incorporated in the means of production employed. (p. 37).

The theoretical understanding of the renewal of social capital was at stake. Marx's solution was in pointing out that living labor is not only the newly-created value, but was also the source for transferring past labor having been engaged in creating means of production incorporated now in the value of current commodities, i.e., a sum of old transferred value and newly created value. Thus, where Smith had forgotten about means of production incorporated into commodity values, Marx incorporated them. Furthermore, it becomes "of decisive importance, as to using it, whether the commodity is itself a means of production or a consumer good" (p. 44). This distinction in turn underpins the importance for her of Marx's schemes of reproduction in which production of means of production are separated from production of means of consumption.

In the event the reader has not noticed, we are exposed here in Luxemburg's discussion to her recognition of a deep theoretical problem that Marx had to work very hard in order to be able solve. She is reporting that intellectual labor is labor, sometimes very hard labor. (We could be reminded that the Impressionist painter Pierre-Auguste Renoir referred to himself as a worker!)

To conclude this discussion of Luxemburg, there are some subtle problems arising. Other than labor power, value and surplus value, Luxemburg is not so interested in reprising for her reader other concepts developed by Marx, but instead uses what she can learn from Marx's expositions of them in order to apply them. And, for her, the concept of value seems as applicable for a pre-capitalist society that is engaging in trading as for the capitalist mode of production. This practice does not correspond to Marx's positions that theoretical concepts themselves are important and are applicable to the mode of production being analyzed (the capitalist mode in this case), but not across modes. Of course, the reasons for Luxemburg's presentation could be a decision, particularly regarding her *Introduction*, how best to present Marx to students. However, the amazing clarity of her expositions generally suggests that she did not realize the difficulty.

XI. Conundrum

In the *Grundrisse*, Marx wrote (but did not publish!)

In all forms of society there is one specific kind of production which predominates over the rest, whose relations thus assign rank and influence to the others. It is a general illumination which bathes all the other colors and modifies their particularity. It is particular ether which determines the specific gravity of every being which has materialized within it. (Marx, 1939-41a, pp. 106-107)

For Althusser (1965) this is an important passage, used by him in the conclusion of many prior pages of discussion. Marx's theoretical object was the capitalist mode of production and it required new concepts appropriate to that object and in order "to think the determination of the elements of a whole by the structure of the whole" (p. 187).

Althusser, however, seems completely unaware of any difficulty with the concept of 'accumulation of capital', completely unaware that penetration of non-capitalist modes of production needs to be part of the object of theoretical investigation. For Althusser, the capitalist mode of production has structural causality, the feudal mode also, although distinct, and the transition from one mode of production to another is a distinct theoretical question. Therefore, value does not need to introduce what White would say is space and time, and what others could say is history. Does not a clarified understanding of accumulation of capital undermine an ahistorical understanding of the capitalist mode of production and thus raise questions concerning Althusser's structural causality? After all, we cannot discuss penetration of non-capitalist society by capital without examining what it is that is being penetrated.²²

It is Luxemburg, not Althusser, who has most clearly pushed us up to the theoretical challenge, particularly but not exclusively with her *Accumulation of Capital*. She is the more remarkable in

that many of documents we have entered here from Marx were totally unavailable to her and yet have been used to confirm the similarity in the direction of her theoretical building with his. They both were unconsciously moving toward a significant theoretical problem.

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thus indicating initial availability, but which may be quite distinct from date written.)

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¹ This draft builds from a presentation a decade ago for the conference: "Like a Candle Burning at Both Ends: Rosa Luxemburg and the Critique of Political Economy", 16-18 December 2004, University of Bergamo, Italy. Earlier presentations, considerably different, were prepared under a distinct title for the Japan Society for Political Economy's 51st Annual Conference: "Political Economy Now - Marxist Reappraisal", 18-19 October 2003, Musashi University, Tokyo; as well as for Rethinking Marxism's 5th International Gala Conference "Marxism and the World Stage", 6-8 November 2003, University of Massachusetts at Amherst.

² Oishi remarks that Ricardo began his *Principles* with value, while Marx will begin his 1867 *Capital* with the commodity, the simplest social form of labor product in capitalism (p. 64), the different organizations being significant because the later work of Marx will begin from society, not from theoretical categories. Somewhat contradictory to his own defense of the continuity in Marx's thought, Oishi happens to note (p. 64, fn. 5) that Marx, until the *Grundrisse*, shared with Ricardo the same beginning focus on value.

³ Although it will not bear upon our argumentation, to complete our discussion of Oishi, note that Oishi points out that Ricardo discusses only relative value, i.e., his value is always relative to the exchangeability of a commodity, since Ricardo never discovered absolute value (although Ricardo was troubled by this problem). Ricardo's cost is after exchange and it becomes the sum total of wages (rather than labor time). Ricardo "presupposes average wage and profit, as his illustrations show, in the determination of value, i.e. the very starting-point of his presentation. He does not and cannot logically distinguish the determination of value by labor from that by 'cost, including profits', so his presentation is a tautology" (p. 72). Marx's 'cost of production', on the other hand, is absolute since it is determined by labor time in the production process **before** the exchange of commodities. And, where Ricardo refers to natural price unaffected by competition, Marx makes "fluctuating movement [of actual or market prices] an element of the law of value" (p. 69), a law implemented by competition in which the relative value is determined by the labor time needed in production. In the process of his investigation, Oishi observes that Ricardo's own value theory is distinct from Marx's de facto reinterpretation of Ricardo's value theory (p. 64): Marx reinterpreted Ricardo's value theory to render it historically conditioned by commodity production. Value can only be actually distinguished from the phenomenon of price from **within capitalism**; only then is cost of production the regulator of exchange value, of price; value is therefore historical.

⁴ Although the topic is not a direct consideration for the concept of value, we will note that this last chapter begins by claiming that what "immediately distinguishes Marxist from non-Marxist theories of crises is the fact that they take constant capital into account both as an element explaining the fall in the rate of profit (rise in the organic composition of capital) and as a potential source of overproduction crisis (over-accumulation of capital)" (p. 172). This author does not accept this rendering of the distinguishing characteristic of Marxist crisis theory (see Zarembka, 2003). Furthermore, Baronian's lack of consideration for the complexities of the concept of a composition of capital as well as measurement issues (see Zarembka, 2014) is a bit disturbing.

We would also like to remark that Baronian's book would have benefitted from a concluding chapter that could have drawn together what was learned. Likewise, the beginning pages of the book could have started less abruptly and thus with more consideration for the reader if it had not begun by citing what Marx wrote in his doctoral thesis about Epicurus and Democritus, none of which would seem to be common knowledge.

⁵ For determining value, Ricardo does not actually refer to **labor time**, but rather to time **and** labor; "the value of [hunted] animals would be regulated, not solely by the time and labor necessary to their destruction, but also by the time and labor necessary for providing the hunter's capital, the weapon..." (Ricardo, 1821, p. 23). A few pages earlier Ricardo had, nevertheless, cited Smith favorably for whom labor time seems to be uniquely at stake: "what is usually the produce of two days', or two hours' labor, should be worth double of what is usually the produce of one day's, or one hour's labor", p. 13. (Smith, it might be noted, did neglect the weapon mentioned by Ricardo.)

⁶ See also Foley, 1991, pp. 296-297. Contrast this to (Sinha, 1996, p. 206), "The use-value of labor-power happens to be the working activity itself" ; or to (Hunt, 2002, p. 217) who says that the use-value of labor-power is "simply the performance of work – the actualizing of the potential labor". But working activity or the performance of work of course occurs in all modes of production; there is, therefore, no recognition in these sentences for use of labor in the abstract as a property of the capitalist mode of production.

Such formulations as by Sinha or Hunt can find a support in Marx, e.g., "the use-value supplied by the laborer to the capitalist is not, in fact, his labor-power, but its function, some definite useful labor, the work of tailoring, shoemaking, spinning, etc." Such support is more easily swallowed if its following sentence is ignored: "That this

same labor is, on the other hand, the universal value-creating element, and thus possesses a property by which it differs from all other commodities, is beyond the cognizance of the ordinary mind." (Marx, 1867, p. 506)

⁷ Also, a couple of remarks in Marx (1910, pp. 90 and 178):

[T]he specific feature of this commodity [labor-power] is that its use-value is itself a factor of exchange-value, its use therefore creates a greater exchange-value than it itself contained.

The use-value of nature of money. nature of money. labor-power is *labor*, the element which produces exchange-value. ... the value which the capitalist receives from the worker in exchange [for labor-power] is greater than the price he pays for this labor.

⁸ In the early stages of the industrial revolution, "industrial capitalists engaged in a prolonged struggle against the landed interests and merchant capitalists for economic and political supremacy. During this period, industrial capitalists usually were personally involved in directing, coordinating, and overseeing the actual processes of production.... The labor theory of value perspective had furnished the most serviceable insights into the process of capital accumulation, focusing on the distinction between productive and unproductive labor. It had shown how productive labor was the source of the surplus labor that made the expansion of capital possible." (Hunt, p. 282)

⁹ Marx's commitment to expose the class character of capitalism in the interests of workers is opposed by bourgeois interests to hide same. Thus, Hunt (2002, p. 314) appropriately points to a revealing introductory comment in J. B. Clark's *The Distribution of Wealth* that the attitude of the laboring classes toward other classes "depends chiefly on the question, whether the amount they get, be it large or small, is what they produce. ... The indictment that hangs over society is that of 'exploiting labor'. ... If this charge were proved, every right minded man should become a socialist...." While not directly ignoring some understanding of social classes, Clark is trying to **explain away exploitation** (with his marginal productivity theory of income distribution) and thereby promotes an idea of some type of equality of all before the market. Nevertheless, a spectre is haunting this American, recalling a "spectre is haunting Europe – the spectre of Communism" (*Communist Manifesto*, first sentence).

¹⁰ That is, Engels posed the question of what separates Marx from the classical economists. To answer that question, first he recalls the theoretical revolution Lavoisier produced in chemistry through the discovery of a new chemical element – oxygen. Phlogistic theorists Priestly and Scheele had produced the **fact** of oxygen without recognizing what they had. Lavoisier produced the new category, i.e., discovered the new element, and so placed "all chemistry, which in its phlogistic form had stood on its head, squarely on its feet". Engels then says that Marx stands in the same revolutionary relationship to his predecessors in classical economics. Although the fact of surplus-value (under other names) was known long before Marx, Marx understood that he had to **explain** this fact, had to explain what value was, had to critique the Ricardian theory: "By substituting labor-power, the value-producing property, for labor he solved with one stroke one of the difficulties which brought about the downfall of the Ricardian school, viz., the impossibility of harmonizing the mutual exchange of capital and labor with the Ricardian law that value is determined by labor" (pp. 16-17).

Althusser (1965) has pointed out the significance of this passage, since Engels is describing how Marx revolutionized the theoretical object of classical economics, i.e., by recognizing the **relations of production** as a *concept*. Marx's distinction "does not lie in his having claimed or even demonstrated the primacy of production (Ricardo had already done this in his own way), but in his having transformed the *concept of production* by assigning to it an object radically different from the object designated by the old concept" (Althusser, p. 170). Marx saw the importance of the material conditions of production belonging to the concept of production; thus, constant capital and variable capital; thus, Department I and Department II; thus, Marx writing to Engels that he "attributed more importance to *the category of use-value*" than his predecessors. Where Smith has reduced wealth to labor only, Marx broke "with this idealism of labor by thinking the concept of the material conditions of every labor process and by providing the concept of the *economic forms of existence* of these material conditions: in the capitalist mode of production, the decisive distinctions between constant and variable capital on the one hand, and

between Department I and Department II on the other" (p. 172). In turn, this leads to the recognition that the social relations of production must include the material elements of the production process.

¹¹ Later, Sinha (2010, pp. 203-205) finds Wicksteed making this claim and appears to move away from his former argument.

¹² McCracken (1933, pp. 53-54), who becomes important for Keynes on Marx, considers the introduction of this concept a major weakness of Marx, even if a necessary consideration, and refers the reader to Böhm-Bawerk.

¹³ In drafting *Theories of Surplus Value*, written around 1862, Marx's chapter "Disintegration of the Ricardian School" cannot be said to introduce this concept, i.e. there is but one reference to it within the text ("form of value" here placed in bold):

For its part, the development of capital already *presupposes* the full development of the exchange-value of commodities and consequently its independent existence as money. The point of departure in the process of the production and circulation of capital, is the independent **form of value** which maintains itself, increases, measures the increase against the original amount, whatever changes the commodities in which it manifests itself may undergo, and quite irrespective of whether it presents itself in the most varied use-values and moves from commodity to commodity. The relation between the value antecedent to production and the value which results from it – capital as antecedent value is capital in contrast to profits – constitutes the all-embracing and decisive factor in the whole process of capitalist production. Is not only an independent expression of value as in money, but dynamic value, value which maintains itself in a process in which use-values pass through the most varied forms. Thus in capital the independent existence of value is raised to a higher power than in money. (Marx, 1910, p. 131, italics in original, bolding ours)

¹⁴ Noting this footnote being dropped later, Dussel (2001, p. 19) claims that Marx, "at the very earliest in 1872", distinguished value from exchange-value, citing himself in 1990, in Chapter 5.7. If so, what was the earlier discussion of the transformation problem?

¹⁵ Saad-Filho (2002) uses this same letter to motivate the understanding of value in his context of materialist dialectics. He prefaces the citation by saying, "For Marx, the value relation and its grounding upon the social division of labour do not need to be demonstrated; they are indisputable *facts*" (p. 36).

¹⁶ No other material for *Volume 1* has survived from this third draft, perhaps because the remainder was rolled into the final draft. Why third draft? Consider the *Grundrisse* as a first draft of Marx's life work. Then the second draft can be considered to have been drafted between 1861 and 1863, and includes his work on the history of theories of surplus value. The third, not yet final, draft was begun in 1863 and completed in 1865, including the only draft ever made of what became *Volume 3* under Engels' editorship.

¹⁷ The most important theoretical concept in the "Results" was formal and real **subsumption of labor to capital**, which follows usage beginning in the *Grundrisse*. Could not subsumption have been designed to link the production of surplus value with its circulation, to link *Volume 1* with *Volume 2*? Indeed, prepared for the conclusion to *Volume 1*, "Results" begins with an interesting comment. After writing that the topics covered will be commodities, production of surplus value, and then the totality of production and reproduction, Marx drafted a note to himself that the first topic should be placed last in printing, "because it forms the *transition* to Volume 2 – 'The Circulation Process of Capital' " (1933, p. 949). Thus, Marx is concerned for the transition from *Volume 1* to *Volume 2*. By the concept of subsumption, it can be argued that Marx "clearly wished to imply that as economic relations increasingly took on a capitalist character, their scale increased and this brought them ever closer to the world market and their point of culmination" (White, 1996, p. 191). However, "Results" was left out, and other references to subsumption within the volume were almost completely eliminated before publication of that first edition of *Volume 1*, even including references to stages of cooperation, division of labor, and use of machinery as being stages of subsumption (White, p. 200; one remaining definitional passage of 'subsumption' was eliminated in the French edition). After Marx pulled "Results" from *Volume 1*, there is no record that he returned to 'subsumption'.

White considers Marx's problem in drafting *Volume 2*. He says that its first draft, begun by Marx in 1865, failed "to establish any necessary connection between expanded reproduction of capital and the extension of capitalist relations", the introduction of time and space. Without considering whether a fully capitalist world had been assumed, White argues that accumulation of capital for Marx was to be "a process which would reproduce its presuppositions, the capitalists and workers on an extended scale.... To be unable to show that capital created its own presuppositions, that it created Civil Society, was a serious difficulty for Marx's overall scheme of capitalist development" (White, 1996, p. 196).

¹⁸ This subsection borrows from Zarembka (2009, pp. 73-75).

¹⁹ It should be noted that Weeks, in his introductory paragraph and last footnote, favorably cites Lenin's economic work of the 1890s on such questions, Lenin being one to criticize Luxemburg's *The Accumulation of Capital* (Zarembka, 2000, pp. 221-2, 225-35).

²⁰ The foregoing paragraph and the next two are borrowed from Zarembka (2009, pp. 75-76).

²¹ The following chapters are indicated but not located after her murder: "The Rule of Capital (rate of profit)", "Crises", and "Tendencies of the Capitalist Economy" (for which we do have a few pages of the last, see Luxemburg, 2013, p. 89, fn *, and pp. 293-300).

²² This paragraph borrows from Zarembka (2009, 77-78)