Conceptual collapses

*a note on value-form theory*

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Conceptual collapses; a note on value-form theory

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Abstract. This brief paper comments on Pichit Likitkijsomboon’s 1995 review of ‘Marxian Theories of Value-Form’. Some major different perspectives between his account and that of (my version of) value-form theory are highlighted. These regard the character and type of quantifications; the relation between value, exchange and production; money and the credit system; and the articulation of ‘abstract labour’ and money.

Introduction Value theory seems a highly abstract area of economics. At the same time, however, it is most important as it delineates the domain of a discourse. Neoclassical economics, for example, cannot easily get to a satisfactory theory of money and financial institutions because its value theory is nonmonetary. It can then merely describe financial phenomena as in an appendix, dichotomized from or even unrelated to its theoretical structure as a whole.

Because value theory delineates the domain, it also delineates the possible comprehension of an economy, e.g., the capitalist, as well as the possible critique that can be versed. This is certainly one reason why, in the history of Marxian political economy, value theory has been a recurrent theme of debate. Indeed any substantial social scientific debate is in a way a political intervention, at least to the extent that it enlarges or reduces the scope of debate.

Against this background I have read Likitkijsomboon’s interesting article, "Marxian Theories of Value-Form" (1995), in which he criticizes three recent developments in Marxian value theory: the Unionist, the Rubin approach and the dialectical value-form theory (taking me as one exponent of the latter).

Likitkijsomboon (L) is rightly somewhat vague about the differences between the latter two. I see the differences as a matter of emphasis of method, and from this perspective, e.g., Arthur (to whom L refers as a Rubinian) and myself both work along systematic dialectical lines of research (see, e.g., Arthur 1993).
In L's article, there is, however, also a type of argument seemingly different from the delineation of domain just referred to. This is a historiographic and interpretational one with respect to Marx. I see these two as quite distinct. If one considers oneself working within the Marxist tradition – as I do – there is not much point in merely sticking to Marx's theory: the point is to develop it further. Certainly, if Marx would have lived longer, that is what he would have done. Why would *Capital* be the final word on the issue of Marxian value theory? If Marx had died in 1848, would then the 1844 Economico-Philosophical Manuscripts be the last word? – yes, Marx's. Nevertheless, merely from the point of view of historiography, I will take up some of these points below.

Toward the end of his paper, L (1995) writes: “All this, from Rubin to Reuten … simply degrades the Marxian theory … into a mystification of value-form.” He specifically reproaches me for amalgamating the categories of value, the value-form and money, and of abstract labour into social labour. He neglects that in the works discussed by him (Reuten 1988a, 1988b; Reuten & Williams 1989), there is a detailed presentation of the conceptual development of these and related categories. These are to be judged against the methodological purpose of setting out a systematic ordering of categories, from the abstract to the concrete. Indeed, in the course of such a presentation, some terms may turn out to be redundant, while at other moments there is a lack of appropriate categories – whence categorical differentiations are highlighted.

Before I get to L's criticism specifically (section 3), I will present a most abbreviated statement of the general problematic of value-form theory (of course this is my interpretation and I cannot speak for other value-form theoreticians criticized by L).

1. Value-form theory: twofold entities and processes

Value-form theory's main emphasis follows from the fact that in capitalism entities and processes take on a twofold character: a concrete physical (measured along a multitude of dimensions) and an abstract social (measured in the single dimension of value, expressed in money). The former dimensions include not only length, protein content, colour, etc., but notably also time and a multitude of qualities of labour-time. They measure a concrete content that is necessary to human survival in some or the other quantity and quality. The latter, the abstract social form, is necessary to the functioning and survival of the capitalist system. Value-form theory then seeks to explain and grasp the functioning and the development of the capitalist system from the perspective of these two contradictory “necessities”. It shows the contradictory expressions to which this gives rise, as well as the result of the domination of the value-form over the content.

From a historiographic point of view, value-form theory on the one hand develops a line of argument that is explicit, and sometimes implicit, in Marx's work – notably both the concepts of value-form and of the twofold character of capitalist entities and processes. On the other hand it also reconstructs Marx’s theory in terms of the emphasis indicated above. I give one important example of such
reconstruction. Marx clearly built his theory by way of a critique of classical political economy which sought to trace “value” to concrete labour. From this critique Marx developed a concept of abstract labour, without however applying it in a satisfactory or consistent way, so that he may be said to stand with one leg in the classical problematic. Indeed, Marx's concepts of value and abstract labour retain remnants of a Ricardian concrete labour approach.

2. Interpretations of and developments from Marx’s value theory
The first chapters of Marx's *Capital* offer not only several lines of interpretation but also lines for further theoretical development. The first is a concrete-labour embodied theory. The second is an abstract-labour embodied theory. The third is a form theory of abstract-labour (value-form theory). This is a simple schematic presentation of the issue. If it comes to categorizing Marxian authors, one can see that there is rather a continuum of approaches from positions one to three. The two extremes of the scheme also highlight the two theoretical bequests of Marx: Ricardo's analysis and Hegel's dialectics. It may seem attractive to position Marx in the middle, and there is indeed some good evidence for ascribing an abstract-labour embodied theory to Marx (Reuten 1993). This evidence, however, does not take away the other two lines in Marx's approach, nor does it take away some of the weaknesses in Marx's approach.

3. Criticism
If I understand him properly, L's vantage point, from which he criticizes value-form theory, is a middle position in the scheme above. His criticism of value-form theory centres on four related issues: (a) lack of quantification; (b) the status of the category of value in connection to production and exchange; (c) the status of fiduciary and commodity money; (d) the connection of abstract labour and money.

(a) Quantification
L correctly feels that value-form theory's first concern is a qualitative rather than a quantitative one. Indeed what is baffling about capitalism is that labour and the product of labour takes on the value-form and that the capitalist measure of success is value; that indeed this form dominates the content of social relations; that the exploitation of humans and nature takes the mystified form of value calculation from which such exploitation seems to vanish.

This is not to say that, subsequently, quantification has to be outlawed from such an approach. In Reuten and Williams (1989: Ch.1-2), there is set out a value-form theoretic development from the abstract-labour theory of value. In a short-hand notation (95, 104), it states $Y = ml$ (where $Y$ is value-added, $m$ is the money expression of labour, and $l$ social aggregate labour), thus $m$ is the value productivity of labour; surplus-value ($s = (m-w)l$ (where $w$ is the wage rate).

L reproaches me a “conceptual collapse” of the “magnitude of labour-value into its realized value in exchange (price)” (1995: 93). As I have indicated, however, value-form theory is precisely at pains to distinguish the concrete dimensions (e.g.,
labour) from the abstract dimension (value). The “conceptual collapse” is his. What is “labour-value”? Hours of labour? What kind of labour? Can the labour be added up? How? The point is that, even if the concept of “labour-value” would be a useful one, it cannot be used quantitatively without the concept of the price of labour-power, i.e., actual wage rates. Marx was aware of this, but he just neglected it. When it comes to quantification the standard Marxian answer is of course that we reduce to “simple labour”. From the middle of the second section of Chapter 1 of Capital I onwards, Marx (1867: 135) uses a simplifying assumption: “In the interest of simplification, we shall henceforth view every form [German: Art, i.e., kind – GR] of labour-power directly as simple labour-power; by this we shall simply be saving ourselves the trouble of making the reduction.” Yes. Within a labour-value theory (either concrete-labour embodied or abstract-labour embodied), this reduction by market prices has got to be made before other “transformations” are opportune at all (this is expanded upon in Reuten (1993)).

(b) Value, exchange and production
The analysis of the production process in connection with the processes of exchange and the circulation of capital has always been central to Marxian economics – and indeed here it has prominently shown its superiority over the orthodox mainstream economics approaches. Standard Marxian economics has tended to couch this connection in terms of the “labour-values” referred to above. The value-form approach is to theorize the connection under the twofold and contradictory perspectives of content and form. Indeed it is maintained that the only one developed expression of value is money (though at times money surrogates can adopt a similar function). Thus the commensuration of heterogeneous entities in the market is in terms of money. However, because market exchange in capitalism is systemic, entrepreneurs anticipate the actual commensuration by way of an ideal pre-commensuration: the production process gets calculated and managed in terms of money. Therefore the production process takes on a twofold character, concrete and abstract. The abstract labour process then is one of “ideal production of money”, which cannot exist without concrete materialisation (expanded upon in Reuten (1988a) and in Reuten and Williams (1989: Ch.1). It is difficult to see how L can miss this point in reproaching me for putting forward a “mystified category of pure form without content”. Indeed the two works just cited, and to which L. refers, from beginning to end dwell upon this very theme of twofoldness, doubling, abstract and concrete, form and content (these are the terms used throughout).

(c) Commodity money and full capitalist money
A third reproach concerns my “expunging the notion of commodity money”. L is quite right that this is what happens in my work of 1988(b) and in Reuten and Williams (1989: Ch.2). However, he somewhat misrepresents the methodological context in which this occurs. Were the account a historical one, then commodity money might well have gained a prominent place. However, the method on which these works are based is that of “systematic dialectics” in which the aim is to find out
and present systematically what phenomena are necessary to the capitalist system and which are “merely” contingent to it (and thus perhaps liable to change within that system). Because commodity money cannot be shown to be necessary, in these works credit-money indeed appears on the very introduction of “money”. It is also argued that the two elementary kinds of credit, production credit (payment before delivery) and trade credit (delivery before payment), are implicit in every elementary act of exchange (e.g., buying bread) depending on whether the commodity or the money is handed over first. Money and the credit system are subsequently conceptually developed from market exchange, not, as L puts it several times, “imposed tout court from without upon the exchange relation”.

(d) Abstract labour and money
For anyone working within the Marxist tradition, “abstract labour” is bound to be a crucial concept. It indeed marks Marx's critique of classical political economy. It marks it even if, as I hold, Marx did not develop it to full extent. (Great original thinkers in their own times are never fully aware of their degree of break with the past. Marx is no exception to that.) The very concept of "abstract labour", in my view and that of others such as e.g., Arthur, Backhaus, Eldred, Hanlon, Roth and Williams, is to break away from the concept of value substance (see also Bellofiore 1989 and the references given there). Indeed, as L correctly observes, money is the concrete expression of abstract labour – and, neglecting temporary surrogates, money is even the one and only expression of abstract labour.

Concluding remarks
These and similar value-form theoretic notions are no “conceptual collapses” (Likitkijsomboon 1995); on the contrary, they follow from rather thorough conceptual developments. Conceptual collapses, on the other hand, are on the side of both the “concrete labour embodied” and the “abstract labour embodied” theories of value: these do not differentiate and develop sufficiently the twofold character of capitalist society. so collapsing concrete physical entities with their capitalist social form.

I should like to add to these comments that I have much appreciated the first parts of Likitkijsomboon’s paper in which he gives a scholarly exposition of Marx's theory of value, taking seriously Marx's dialectical Hegel legacy. His subsequent criticism of value-form theory is quite straightforward, and my reply, I hope, follows suit. Notwithstanding our disagreements expounded above, his criticism from the point of view of an abstract-labour embodied theory of value is the best I have come across, and therefore it has been a pleasure to reply to it.

References


