Part I. Commodities and Money

CHAPTER I: COMMODITIES

Section 1. The Two Facts of a Commodity: Use-Value and Value (The Substance of Value and the Magnitude of Value)

Defining *commodity*:
A commodity has four major attributes:

(1) Value
(2) Use-value
(3) Exchange-value
(4) Price

- It satisfies human needs and wants, its usefulness is prescribed based on how useful it is in satisfying these wants and needs
- They are fundamental units of capitalism, a form of economy based on accumulation of commodities (wikipedia)
- A thing becomes a commodity once it is attributed a value that is not intrinsic to its nature and put up for exchanged.

Defining *use-value:*
- Inextricably tied to the physical properties of thing, an intrinsic value
- Practically and objectively determined
- Qualitative aspect (303)

"A thing can be a use-value, without having value." (307)
- This is the case whenever its utility to man is not due to labour: example, air, virgin soil, etc.
- Whoever directly satisfies his wants with the produce of his own labour, creates use-values but not commodities.

Defining *exchange-value*:
- Characterised by a total abstraction from use-value (in capitalism, money is an abstract force)
- The more labour it takes to produce a produce, the greater its value, hence exchange values of commodities are merely definite quantities of congealed labour-time
- Relative value / non-intrinsic to the commodity (determined socially)
- Not identical to its price but represents what other commodities it will exchange for, if traded
- Price is the actualisation of exchange-value, a specific value-form (304)

How is exchange-value determined?
How can commodities with different use-values be measured in the same units and be exchanged?
How is exchange-value quantifiable?

- Labour-time is the only thing that all commodities with different use-values have in common
- "Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value. The value of one commodity is to the value of any other, as the labour-time necessary for the production of the one is to that necessary for the production of the other." (306)
- Labour-time should not be thought of as strictly time taken to produce the commodity but productiveness of labour, which is determined by various circumstances, amongst others, by the average amount of skill the workmen, the state of science, and the degree of its practical application, the social organisation of production, the extent and capabilities of the means of production, and by physical conditions. (307)
- Example: Diamond are expensive because it requires long labour-time and a low productiveness of labour (307)
- This is not a rule, but a general theory. It is good to note that the commodity referred here is mainly industrially produced object and might not be applicable to contemporary examples such as the sale of art objects as financial assets or safe haven.

Section 2. The Two-fold Character of the Labour Embodied in Commodities

Defining *useful labour*:

- "The labour which manifests itself by making its product a use-value."
- "The labour, whose utility is represented by the value in use of its product." (308)
- Labour producing use-value (qualitative)

Defining *social division of labour*:
How do objects become commodities?

- The object needs to have a distinct qualitative use-value (on top of an exchange-value)
- "Use-values cannot confront each other as commodities, unless the useful labour embodied in them is qualitatively different in each of them." (309)
- *Objects become commodities by entering into the social division of labour, the process of which necessitates products be exchanged because of the different kind of labour and use-value it holds.

- In a community of commodity, this qualitative difference between the useful forms of labour that are carried on independently by individual producers, develops into a complex system: social division of labour (309)
- For a society based on the trading of commodities (exchange-value), it must necessarily involve a multitudes of commodity, hence division of labour.

- Commodity is inherently a social phenomenon, derived out of the exchange of objects hence creating artificial value, defined quantitatively. Not to say the use-value is not a factor in determining exhange-value, just that it gets superseded by exchange-value.

Defining *labour-power*:
- The abstraction of human labour into something that can be exchanged for money.
- "...the value of a commodity represents human labour in the abstract, the expenditure of human labour in general." (310)
- Labour-power exists in all individual and the capitalist would purchase the worker's labour power as a commodity, therefore all goods produced by the work is owned by the employer

"...with reference to use-value, the labour contained in a commodity counts only qualitatively, with reference to value it counts only quantitatively, and must first be reduced to human labour pure and simple." (311)

- Expenditure of human labour-power creates and forms the value of commodities. (312)
- Value arise from the labour embodied in commodities and this labour has a two-fold character:
- 1. Useful labour - Quality of labour-power in the creation of use-value
- 2. Quantity of labour-power expended in the creation of the commodity (i.e. time)
- value = useful labour + quantity of labour-power
- thereby, value abstracts useful labour making it count only quantitatively

Defining *productive power*:
- Also known as 'productive forces' or 'forces of production'
- The combination of the means of labour (tools, machinery, land, etc.) with human labour-power.

Section 3. The Form of Value or Exchange-Value

(link)
Note: Since "exchange-value is most often expressed by a "money-price", it seems that "value, "price" and "money" are really the same thing. But they are not: The value-form is the **social form** (a socially attributed status) of a commodity (any product traded in markets), which contrasts with the tangible use-value.

value-form: social perception
use-value: practical utility

Value-form of commodities is not simply a feature of capitalism, but is associated with the whole history of commodity trade.

Marx argues that only when market production is highly developed, that it becomes possible to understand what economic value actually means in a comprehensive and theoretically consistent way, separate from other sorts of value (like aesthetic value or moral value).

- Economic value: a social relationship between people that is reflected by a thing or expressed by the relationship between things. (the social relationship comes before the valuation)
- It would therefore be wrong to claim that economic value is labour, rather, economic value really refers to the current social valuation of labour effort implicated in products.

Commodity is not a simple combination of use-value + exchange-value:

- Business competition centres precisely on the <u>discrepancies</u> between the <u>socially established values</u> of commodities and their particular exchange-values.
- substance of value: labour-time, use-value, etc.
- measure of value: social construct

Value vs. Price

- "Value" of a product is something separate and distinct from "price" it happens to fetch
- Price can be inflated, goods can sell for more that they are worth.
- All products of social labour has value, whether they are expressible in money-prices or not.
- WHAT IS YOUR VALUE SYSTEM?
- ***Product *values* cannot be directly observed and can become observably manifest only as exchange-value.**

The content, magnitude and form of value must be distinguished!
By analysing the value-form, Marx aims to show that when people bring their products into relation with each other in market trade, they are also <u>socially related</u> in specific ways (whether they like it or not, and whether they are aware of it or not).

- It influences how they will view the whole <u>human interactive process</u> if giving and receiving, taking and procuring, sharing and relinquishing, accepting and rejecting–and how to balance all that.
- Human subjects internalises the value-form
- How does our value-system, individual belief system affect our social relations (the people we are drawn to, the things we are passionate about, etc.)
- VALUE MANIFESTO !

The 'form of value' is only the first of a series of social forms which Marx analyses in Das Kapital. In his dialectical story, each of these forms is shown to grow out of / transform into other forms, and so all the forms are connected with each other, step by step, logically and historically. At the end, all the forms appear seamless integrated with each other in a self-reproducing, constantly expanding capitalist system, of which the distant historical origin has become hidden and obscure; the fully developed system appears other than it really is, and does not transparently disclose its real nature.

Section 4. The Fetishism of Commodities and the Secrete Thereof

Quantitative value vs. Qualitative value:

- Quantiative value: quantity of labour & labour-time to produce the commodity
- Qualitative value: physiological fact–expenditure of human brain, nerves, muscles, functions of the human organism
- This qualitative value is obscured in capitalist society because the quality of a commodity is thought to emanate solely from its price (social relations of production)
- "It is only by being exchanged that the products of labour acquires, as values, one uniform social status, distinct from their varied forms of existence as objects of utility." (321)

"... the moment that men in any way work for one another, their labour assumes a **social form**."

- A commodity exists in relation to all other commodities.
- Quantitative value: "The equality of all sorts of human labour is expressed objectively by their products all being equally valued: the measure of the expenditure of labour-power by the duration of that expenditure." (320)
- This quantitative value demonstrates the social character of labour: how human labour is a commodity and social relation exists between commodities.
- "...the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour.

Defining *Fetishism of Commodities:*

- The perception of the social relationships involved in production. not as relationships among people, but as economic relationships among the money and commodities exchanged in market trade.
- As such, commodity fetishism transform the *subjective*, abstract aspects of economic value into *objective*, real things that people believe have intrinsic value. (wiki)
- The social organisation of labour is concealed by commodities and mediated through market exchange, functioning as the linchpin of capitalist society.
- 'Real' social relations of productions are masked by the presence of commodities
- *If value of labour is hidden under the apparent fluctuations in the relative values of commodities, then the world can be described through market exchange independent of human agency. (think: alienated labour)
- The market exchange of commodities obscures the true economic character of the human relations of production, between the worker and the capitalist.

- We cannot escape the market exchange, and therefore, to a certain (often large) extent, our social co-existence and its meaning is expressed through trade/transaction expressed with objects (commodities and money).

In a capitalist society, the creation of wealth is based upon the paid and unpaid portions of labour that are inseparably mixed up with each other (alienated labour).
Wealth in the capitalist society is artificially created through exploitative means (of wage labour).

Defining *Reification* (link)

- When a person's activity (labour) becomes something objective and independent of them.
- Because commodities are not produced in order to serve a purpose, but to be exchanged on the market, there is no foreseeable connection between needs to be satisfied and the work done by an individual.
- The social division of labour is not subjected to intentional deliberation but rather seems to always already precede any individual act of work.
- Consequently, people regard this vision as a form of nature, that there is no other choice, exchange value is natural property.

Abstraction: something appearing as if they were natural properties / assumptions appearing as concrete