Marx's Commodity and Labour as the Substance of Value*

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Abstract

This paper reinterprets Marx’s theory of value in the context of his theory of the commodity. The labour theory of value is derived from the analysis of the immediate form of appearance of the commodity as an exchangeable good. The subject matter of neoclassical economics is thereby critically appropriated and used to motivate the transition to the concept of labour value. The neoclassical theory of the commodity, in turn, is transcended and subsumed under the theoretical framework of Classical Political Economy. This shows that production is the organisation of the labour of society for its own material reproduction, or the unity-in-difference of a labour process and a social relation. This breaks the false immediate identification of supply with production and of means of labour with capital. It thus becomes evident that the labour theory of value considers all inputs to production and that it can accommodate neoclassical economics’ marginal principle.

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I. Introduction

The labour theory of value, in particular Marx’s (1867, 1885, 1894) rendering of it, has caused heated controversy in economics over the years. The discussion has focused almost entirely on Marx’s (1894) transformation of labour values into prices of production and thus overlooked the fact that the concept of value refers to one of the most generic aspects of the commodity, and hence of capitalist production. As a result, the debate has missed the point altogether. This paper argues that in order to comprehend capitalist production, we have to go back to its conceptual foundation: the commodity and the form of its value, and that this requires a critique of Marx’s (1867) theory in his own spirit.

This paper contends that Marx’s (1867) theory of value has been misinterpreted, as it is not a theory in itself but one, though fundamental, component of his wider theory of the commodity. His theory of the commodity, in turn, casts new light upon the concept of production, re-conceptualising commodity production as the “unity-in-difference” (Arthur, 2002) of a private, material moment – usually understood as production – and a social or relational moment – the process of market exchange. This draws attention to the fact that the fundamental question underlying capitalist production is how the process of making prospective useful products for others, which is carried out privately and independently,

becomes socially recognised as production; in other words, how these products become socially recognised as useful, or as wealth. This is no minor issue, since production takes place on a worldwide scale and in a de-centralised fashion in the capitalist system. The labour theory of value in the context of the commodity is part of Marx’s answer to this problem. Nevertheless, this issue in no way can be the starting point of the theory of capital, however crucial it might be, for it is only in times of crises that it appears as a problem in the immediate consciousness of the commodity owner. The fundamental question of capitalist production has to spring from the consciousness of the commodity producer in order for it to be established as the starting point of the theory of capital.

The following pages draw on Marx (1867) to present a phenomenology of the commodity. The false immediate identity between supply and production is thus broken, showing that production is nothing but the organisation of the labour of society for the reproduction of its own material conditions of existence. This organisation is geared to satisfying the material needs and wants of society, and is constrained by the physical conditions in which its labour capacity is applied, the particular forms in which this process is carried out being historically determined. Therefore, this paper shows that the concept of labour value is generic and central to any economy based on effort, including capitalist production, and that labour values are affected by both supply conditions and those of demand, since the concept of value encompasses the process of production in its totality, and not just its supply side. In other words, this paper sheds light on the generic aspect of generalised commodity production, and shows that the principle of value is not overthrown but reinstated by it.

As a result, the fallacy that the labour theory of value disregards inputs to production other than labour, or that it assumes uniform technical conditions of production throughout the economy, is laid bare. Likewise, the misconception that the labour theory of value cannot
accommodate neoclassical economics’ fundamental marginal principle is refuted. This breaks the false immediate link between the labour theory of value and the supply-side theory of prices and demonstrates that the labour theory of value is not a single-factor theory of production. The labour theory of value is arrived at through an internal critique of the immediate form of appearance of the commodity – the subject-matter of neoclassical economics. It is shown that the neoclassical maximisation principle leads to Ricardo’s (1817) concept of comparative advantage, which, in turn, underpins Smith’s (1776) commodity division of labour and the labour theory of value. The law of value, in turn, emerges as the autonomous form of the generic principle of value. Thus neoclassical economics and Classical Political Economy are both subsumed and transcended. The subjective and the objective moments of commodity production are brought together, and their interplay is accounted for. Commodity production, in turn, is understood in the spirit of Arthur’s (2002) systematic dialectic as an articulated whole reproducing itself in and through its constitutive yet contradictory moments. Therefore, although this paper deals with commodity production in its pervasive capitalist form, the form of capital itself, which is highly mediated, and that of money are not simply assumed and consequently fall outside the scope of the present paper.

Section II situates Marx’s (1867) labour theory of value with respect to the main question tackled in Part 1 ‘Commodities and Money’ of Capital. It also undertakes the immediate characterisation of the commodity and analyses Marx’s transition, as presented in chapter 1, from the concept of exchange value to that of value. Section III argues that the object of study of the General Equilibrium theory of neoclassical economics is a necessary moment of the concept of commodity and shows its position in a consistent theory of the commodity. As a result, this also highlights the narrow scope of the neoclassical theory of the commodity.
Section IV presents the labour theory of value within the framework of commodity production, showing that the praxeological principle of value is reinstated by commodity production. Section V summarises the implications of the re-conceptualisation offered in the paper.

II. The Place of the Labour Theory of Value in the Research Programme of Part 1 ‘Commodities and Money’ of Capital, and Marx’s Transition to the Concept of Value

Owing to the fact that the capitalist system is premised upon the immediate independence and freedom of individuals, the two moments comprising production (material and relational or social), which in pre-capitalist societies formed an immediate unity due to production being consciously organised, become in capitalism two autonomous yet interlocked spheres: material production and market exchange. The consequence is that the material production of articles of use is no longer production in its immediacy, since it is actually an exclusively private labour process. The differentiation that production undergoes in its capitalist form is illustrated in figure 1 below.

In Part 1 of *Capital* Marx (1867) argues that private and independent work becomes social labour as the substance of the value of commodities, and that the value of commodities finds its necessary developed expression in their money form. Thus Marx’s answer to the issue of the realisation of the commodity can be broken down in two parts: the transition from the exchange value of commodities to their labour value (the main theme of Classical Political Economy), and that from their labour value to their price form (Marx’s own contribution).

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2 In Marx’s (1867, 1885, 1894) view, production is a specific type of social relation entailing a material exchange with the environment. Thus production is the union of a material and a social or relational moment.
The second transition hinges on the first one. This is depicted in figure 2, where the arrows in the bottom part of the figure represent necessary conceptual transitions in the theory of the commodity.

**Figure 1: The differentiation of production in capitalism**

Breaking down the answer into two transitions arises from the conceptual need to account for both the material and the social moments of production in a system where they are immediately separated. The visible phenomena occur in the social moment, the market, but this is not the end of the process. The material moment, in turn, is not subservient to the social but, since it takes place in social isolation, that is, since it is private, it has no direct form of manifestation. The only way to trace it is through the bearing of the social moment
on the productive behaviour of individuals (the first transition). Its objective existence, on the other hand, can be seen solely through its impact on the social moment (the second transition). In this manner the unity-in-difference of commodity production is acknowledged and with this, the autonomous existence of and the interplay between its two moments.

**Figure 2: Marx’s conceptualisation of generalised commodity production**

Marx (1867) argues that any inquiry into the capitalist mode of production must start with the analysis of the commodity. His argument is two-fold. On the one hand, he points out that in
the capitalist mode of production, material wealth is determined by the commodity-form. Either it takes or has taken at some point the form of commodities – that is, of goods exchanged in the market through buying and selling, or if it does not and stays off the market as private wealth, this is also determined by the commodity-form of the product. In other words, the commodity is the basic articulating cell of an atomistic mode of production operating on a global scale. On the other hand, Marx contends that the commodity is at one and the same time the historically specific form of the product in capitalism and the most general form of capital.

As a matter of fact, the justification for Marx’s starting point in *Capital* is a result rather than a presupposition, and as such, it has to be grounded in the course of the argument. Marx sets himself to this task in the opening pages of *Capital* leading to Section 3 of Chapter 1, where he attempts a phenomenology of the commodity. However, this phenomenology, though powerfully insightful, novel and conceptually correct, turns out to be incomplete and jumps straight to the conclusion. As a result, Marx is unable to overcome the objectivist bias of Ricardo’s (1817) theory of the commodity and to subsume the subjective moment of commodity production, which Smith (1776) had already advanced, though inadequately, in his *Wealth of Nations*, and thus prevents himself from fully characterising the commodity.

Marx (1867) presents the commodity as a good for exchange and takes up Smith’s (1776) and Ricardo’s (1817) characterisation of it as the overlap of use value and exchange value. As a good a commodity is a natural, useful thing that satisfies needs and wants, and this makes it a use value. Marx points out that the utility of a good is given not just by its quality but also by the physical quantity in which this quality is embodied, and thus completes Ricardo’s notion of utility, which is set out exclusively in terms of quality. As Marx argues, use values become reality by use or consumption and constitute the substance of all wealth, whatever its
social form. That is, use value is a generic feature of the commodity. From the analysis of the commodity as a use value, i.e. a mere good, Marx moves on to the analysis of its other immediate feature, exchange value, thus completing his immediate characterisation of the commodity. Exchange value, says Marx, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, a relation changing with time and place. Thus Marx argues that the idea of commodities having intrinsic value appears to be a contradiction in terms.

If according to the market prices x corn can be exchanged for y linen, z coal, w silk and so on, x corn, y linen, z coal and w silk must be replaceable for or equal to one another as exchange values. Therefore, according to Marx, the exchange values of a commodity express something equal. Marx claims that exchange value is only the mode of expression, the phenomenal form, of something contained in it yet distinguishable from it. He argues that the common “thing” making commodities equivalent cannot be a natural property of them, since such properties claim our attention only insofar as they make commodities use values, and “the exchange of commodities is evidently an act characterised by a total abstraction from use value” (Marx, 1867 [1954, p. 37]). According to Marx, if we leave out of consideration the natural properties of commodities, they have only one other property remaining: they are the products of labour, but he emphasises that the product of labour has undergone a change under this viewpoint. In effect, if we abstract from the natural features of commodities, we also make abstraction from the concrete forms of application of labour, reducing it to human labour in the abstract.

According to Marx, if we consider the residue of each of these products, it consists of the same unsubstantial reality in each, a mere congelation of homogeneous human labour or, in other words, of labour power expended without regard to its mode of expenditure. “When
looked at as crystals of this social substance, common to them all, they are – Values” (Marx, 1867 [1954, p. 38]). This is Marx’s controversial “transition” in *Capital* from the exchange value of commodities to their labour value. Böhm-Bawerk (1896) characterised the procedure as a process of successive exclusions which proves nothing. This point in *Capital* is a divide between those who dismiss Marx’s (1867, 1885, 1894) concept of value, those who adopt it as a meta-framework and those who regard it as a Ricardian digression.

Marx’s (1867) gap in the transition from exchange value to value is exactly the same problem that undermined Ricardo’s (1817) system and brought down Classical Political Economy. Its direct theoretical expression was Ricardo’s need for an invariable measure of value, whose very existence is ruled out by commodity production itself. If labour cannot be established as the substance of value (a Ricardian problem), how can we possibly show that in commodity production it necessarily expresses itself in the form of money (Marx’s (1867) original contribution to the theory of the commodity)? This shortcoming alone would leave Marx’s attempted answer to the question of the realisation of material production in capitalism unaccomplished. In addition, the failed transition to the concept of value unduly emphasises the difference between the use value of the commodity and its value, obliterating their unity, and gives the impression that the former plays no significant role in either the Ricardian system or the Marxian critique.


III. General Equilibrium Theory

The commodity is not just an exchangeable good. Nevertheless, its immediate form of appearance in human consciousness is that of a good for exchange, so any satisfactory theory of the commodity will have to accommodate this aspect of the commodity, which arises in the sphere of circulation. In Marx (1867) we can see only figments of the market, which leaves his theory of the commodity without fundamental links. For the concept of value to gain a foothold in economics, that is, in order to understand that commodity production reinstates Smith’s (1776) and Ricardo’s (1817) generic principle of value as an objective and autonomous law regulating it, first the market has to be understood as one of the two fundamental moments comprising commodity production. This can only be achieved through the thorough analysis of the commodity in the market, since it fully determines the behaviour of the individual in the market. This is the subject-matter neoclassical economics, or Catallactics – the science of mercantile exchange – to be more precise.\(^6\)

For neoclassical economics there is an immediate identity between the commodity and the good in which it takes body. However, this is refuted by the most naïve experience itself, for the rates of exchange between commodities tend to fluctuate permanently, which imposes the distinction between use value and exchange value – the two factors of the commodity for Smith (1776) and Ricardo (1817). The commodity as a use value appears to be self-explanatory, so the question is what determines the exchange values of commodities. Their utility relative to their availability says neoclassical economics. Commodities are relatively scarce useful goods owned by individuals, and this determines each commodity owner as a

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\(^6\) The term Catallactics has never caught on, for neoclassical economics views itself as the science of the allocation of resources under conditions of relative scarcity, which is claimed to encompass decisions of production as a particular case. Nevertheless, neoclassical economics can only see the catallactic aspect of both production and resource allocation, that is, the resulting market exchanges that they give rise to.
homo mercator (Levín, 1997). Through the exchange of goods in the market, commodity owners will attempt to maximise the satisfaction of their own needs and wants (their utility in the parlance of economics), given the market prices and their initial endowments of goods, which determine their budget constraint. In other words, they will behave as maximising machines, and will move to the point of their individual budget constraint that is tangent to their highest attainable indifference set.

We will follow the neoclassical answer through Patinkin (1956) for the following two reasons. First, Patinkin is a concise and particularly clear synthesis of the General Equilibrium or Walrasian approach to neoclassical economics. As argued in section II above, capitalist production is the unity-in-difference of both material production and market exchange. If we say that it is necessary to complete the analysis of the commodity in the market to be able to transcend that analysis and therefore grasp the unity-in-difference, we need an approach which has in view the whole of the inter-relations in the market. Second, Patinkin develops the General Equilibrium model from its very foundation, i.e. from the atomistic individual.

Patinkin’s model makes use of the Hicksian week device. Individuals begin on Monday morning with an initial endowment of goods which, “like the manna of the Children of Israel, has descended upon them ‘from the heavens’ the preceding night” (Patinkin, 1956, p. 8). With this endowment, each individual has to become a homo mercator on Monday afternoon, the only trading time in the week. Given the market relative prices and the individual’s tastes and initial endowment of goods, Patinkin defines the individual’s excess demand functions. For each individual every such function determines their behaviour as homo mercator or, in

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7 This tradition goes back to Walras (1874), Edgeworth (1881), Pareto (1906), Hicks (1939) and Arrow & Debreu (1954).
other words, their behaviour in the market, since it is the difference between the quantity wanted of a certain good, or their demand for it in Patinkin’s terms, and their initial endowment of it. In Patinkin’s framework, the utility-maximising demands of an individual (constrained by the individual’s budget, namely their initial endowment of goods and the market prices) will equalise the individual’s marginal rates of substitution between goods to the goods’ respective relative prices, as is usual in neoclassical economics.

If an individual has a positive excess demand, the good in question is a use value for them, and the individual enters the market as a demander. If the individual has a negative excess demand instead (a positive excess supply), the good is an exchange value for them – a commodity, and the individual enters the market as a supplier. The sole purpose of exchange is to satisfy needs and wants or, in neoclassical terms, to maximise utility through consumption, which occurs in the ensuing week. Thus individuals supply goods to the market in order to demand some others. Adding up across individuals, Patinkin obtains the aggregate excess demand functions for the different markets, which depend on the tastes and initial endowment of goods of each individual and on the relative prices of goods in the same way as the individual excess demand functions. Given a set of individual tastes and initial goods endowments, Patinkin posits the existence of a set of equilibrium prices that would simultaneously clear all markets and, by the same token, balance out all gross demands as well, by means of which he boldly attempts to account in one sweep for both commodity circulation and self-consumption. This equilibrium is attained through the Walrasian auctioneer, who cries out the goods’ prices, records purchasing and selling bids, and prevents the bids from becoming binding until aggregate excess demand is extinguished in each and every market (actually in n-1 markets).
Within this framework, one commodity necessarily has a superfluous equilibrium equation, since the equilibrium in the market for it is presupposed by the equilibrium in the market for the other n-1 commodities, and is therefore turned into the unit of account. That is, the prices of the other n-1 commodities are conventionally expressed as quantities of this commodity. This opens the door to the inclusion of cash balances in the individuals’ endowments and demand functions but does not change either the nature of the problem or the equilibrium result. In preventing commodities from changing hands at prices that would fail to clear all markets, the Walrasian auctioneer renders money superfluous, for no sooner is it required than its role is extinguished; hence the neutrality of cash balances, which are portrayed as a veil to the real relations of exchange.

Needless to say, this characterisation of the commodity is very limited. First, General Equilibrium Theory promises to deliver general equilibrium prices but it fails to do so. These equilibrium prices will change over time, and, all else held constant, General Equilibrium Theory will only be able to put this down to a change in the initial endowments of goods, which are external to the Walrasian system. The inclusion of firms, like in Arrow & Debreu (1954), does not solve this shortcoming but merely pushes it one step back to the market for factors of production, which has exactly the same conceptual underpinning as Patinkin’s (1956) simplest framework of atomistic individuals. Firms merely increase the elasticity of the market supply functions, but the analysis is still confined to the moment of commodity circulation and the solution to the equilibrium prices of commodities depends on tastes and endowments of goods, just like in Patinkin. Furthermore, in general equilibrium these firms would either vanish or become “socialist”, for their rates of profit would equal zero. Second,

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8 Neoclassical economics seeks to sweep this problem aside by the ad-hoc proposition that the equilibrium profit rate includes compensation for the opportunity cost of not depositing the initial investment in an interest-yielding account, but this begs the question of the origin of the market risk-free interest rate.
the limitation that individuals not be allowed to exchange in disequilibrium must be imposed for the Walrasian general equilibrium to be attained. That is, within this framework there can be no role for money other than as an extrinsic unit of account, since, owing to the fact that the market operates like a clearinghouse, money does not even have currency. In other words, General Equilibrium Theory collapses to a pure exchange economy no matter how much detail the model includes.

The above limitations, however, which come out so blatantly in both Patinkin (1956) and Arrow & Debreu (1954), are a strength rather than a weakness of the General Equilibrium Theory, for they clearly identify and set apart a sphere of commodity production, i.e. commodity exchange, together with its autonomous laws and presuppositions. That is, commodity production is reduced to commodity circulation, even if firms are included in this characterisation of the commodity. Contrary to intuition, the main flaw of General Equilibrium Theory is that it does not apply the maximisation principle to commodity owners when they are away from the market, as if the maximisation principle only concerned decisions of supply and demand. In other words, commodity owners seem to have no life away from the market, other than consuming the goods that they acquired in the market and the part of their initial endowment of goods that they decided to keep for their own consumption. Outside of the market, commodity owners seem to forget their mercantile nature.

**IV. Two Roles in Mediated Unity: A Labour Theory of Value**

From Patinkin’s (1956) basic framework, which posits a market-based equilibrium, the natural question is the following: what happens if commodities do not descend from heaven? In other words, how do individuals make sure that when they go back to the market, they will
have the means to acquire those goods that would allow them to maximise their own utility in consumption?

If Providence does not bestow goods upon individuals, they will have to be in charge of their material production, since the collection of commodities with which they arrive at the market is their sole source of purchasing power. Without an exchange value it is impossible for individuals to demand commodities, the consumption of which provides the basis for the satisfaction of needs and wants in commodity production. Put differently, each *homo mercator* (Levín, 1997) will have to become a *homo laborans* (Levín, 1997) or mercantile worker when they are off the market in order to be able to play the role of *homo mercator* or “trader” when they are on the market.

Unlike in consumption,⁹ where the utility of commodities is central, individuals are completely indifferent about the material properties of the commodity or commodities they make for exchange. Their sole concern is to attain the biggest possible budget or purchasing power given a certain level of working effort. It is only in this context that Marx’s (Marx, 1867 [1954, pp. 37-38]) assertion holds for all individuals alike.

> [O]ne use-value is just as good as another, provided only it be present in sufficient quantity…As use-values, commodities are, above all, of different qualities, but as exchange values they are merely different quantities, and consequently do not contain an atom of use-value (Marx, 1867 [1954, pp. 37-38]).¹⁰

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⁹ Consumption in this context is generic and encompasses the use of commodities for the direct satisfaction of a need or want and their use as a means to make other use values.

¹⁰ It is obvious that Marx is not referring to the neoclassical concept of substitutability in consumption, where different combinations of goods yield the same utility, but to the substitutability of commodities as objects with the same market value.
When talking about working effort, it must not be understood that inputs to production other than labour are disregarded. The labour theory of value is not a single-factor production model, since there is no such thing as labour in a void, nor is there any such thing as labour in general. In its immediacy labour always has a materially concrete form, is applied to natural objects and is aided by both natural objects and natural forces. As Marx puts it,

> The bodies of commodities are combination of two elements – matter and labour. If we take away the useful labour expended upon them, a material substratum is always left, which is furnished by Nature without the help of man. The latter can work only as Nature does, that is by changing the form of matter. Nay more, in this work of changing the form he is constantly helped by natural forces. We see, then, that labour is not the only source of material wealth, of use-values produced by labour. As William Petty puts it, labour is its father and the earth its mother (Marx, 1867 [1954, p. 43]).

Given the relative prices of a commodity, each individual’s budget increases as their own endowment of the commodity in question available for exchange grows. That is, the only way for individuals to maximise their own budget once they have decided what to make for exchange is to maximise their output per unit of time worked. In the material sphere of commodity production individuals are concerned solely about quantities of working effort because making a product, including procuring all the necessary inputs, costs individuals only labour. This is the reason why Marx says that commodities do not contain an atom of use value when considered as exchange values. However, the two aspects are not dissociated. In their attempt to maximise their own purchasing power given a certain level of effort, 

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11 If individuals were on their own, making the required use values to ensure their survival would only cost them labour. So would be the case for the individual to make the required use values for exchange in the context of vertically integrated commodity production. But it would be also the case with commoditised means of labour. The individual would have to make some use value to give in exchange for those means of labour that they require for future work.
individuals will use inputs in a way that maximises their output, and will change their technical conditions of labour – including the composition of their output – so that their working effort takes them to ever-bigger budgets. The following section shows how individuals make their labour decisions and how this affects the outcome of the system.

IV.1. Comparative Advantage

This section makes the following assumptions. First, the market closes every Monday in equilibrium as in Patinkin (1956). This assumption is not necessary but allows us to isolate the market moment from the material moment of commodity production, and hence to simplify the exposition greatly. If we dropped it, the gist of the story would not change because the only parameters for action for individuals would still be the market prices of commodities, but expectations on their future instantiations would play a more prominent role. Second, there is competition and there are many different commodities. Third, individuals have different technical abilities in different degrees, and the technical domain of each individual comprises at least two commodities. Finally, individuals have expectations with regard to the prices of commodities in the next market round. For simplicity, this paper assumes that they expect the same equilibrium prices as last Monday’s.

For individuals their own work is just a means to obtain that set of products that will allow them to attain the biggest possible budget when they go to the market to exchange their products for use values. Therefore, they show complete indifference about the concrete material form of application of their labour capacity, so long as the outcome of it fulfils the budget maximisation criterion. The different products within the technical domain of each individual are just so many representations of quantities of their own labour. Given their technical abilities and the length of the working day, the alternative sets of products that could result from the application of their labour capacity over a working day constitute the
individual’s material transformation frontier. The length of the working day is not extrinsic but is not freely determined by the commodity producer according to their taste for leisure and its opportunity cost either, since rest only gives time off work to the individual. The means of enjoyment to be consumed during leisure time are generally acquired as commodities in the market, leisure itself being part of the reproduction process of the commodity producer’s working capacity. Thus the length of the working day is determined through a series of mediations according to the need of each commodity producer to reproduce the material conditions of their work and life.

Making a product costs labour to the individual, and the quantity of labour it costs him determines its value to the individual, but in the market, commodities are valuated in terms of prices. Labour time and prices are incommensurable. However, in order to decide which materially concrete way to apply their labour capacity, individuals need only compare the relative levels of working effort that making the alternative products attainable in their material transformation frontier would take them with the relative prices of these products in the market, and specialise accordingly. The former are the relative values of the products for the individual or, equivalently, the products’ individual relative values, and the latter are their relative prices in the market. Both magnitudes are ratios and therefore directly commensurable for the individual.

In other words, individuals will behave according to the principle of comparative advantage that Ricardo (1817) outlined in Chapter VII of his Principles. This means that individuals will allocate their working time in such a way as to place themselves on the point of their individual frontier of material transformation which is tangent to the highest possible expected budget set, whose slopes are given by the respective expected relative prices of the products within their technical domain. The highest possible frontier of material
transformation given the length of the working day, in turn, is attained through maximising individual output per unit of time worked. This brings the absolute working effort required to make commodities and Ricardo’s concept of absolute advantage into play. Both aspects of the labour programming process provide the link among the allocation of labour time, its materially concrete form of application and the allocation of the specific material inputs to production or, put differently, they provide the interface between value creation and the creation of material wealth.

Commodity producers maximise their budget by making and supplying that set of products within their own technical domain whose individual relative values are equal to their expected relative prices in the market. That is, in the presence of increasing rates of transformation (a so-called concave material transformation frontier), the budget maximising point on the frontier will be tangent to the budget set. Commodity producers will allocate their labour time so that the differences between the individual relative values of the products they make and supply to the market and their expected relative prices cancel out. With the resulting budget constraint, the commodity producer will then acquire that attainable set of commodities that would best satisfy their needs and wants, or, in neoclassical terms, maximise their utility in consumption. If, in contrast, the individual rate of transformation were constant or decreasing (a convex material transformation frontier), this would imply the individual’s complete specialisation, since, given the expected relative prices of commodities, the individual will supply that commodity in their domain whose relative prices are higher than all its respective individual relative values. The only indeterminate cases would be those of individuals with constant rates of transformation that exactly matched the expected relative prices for at least two commodities in their technical domain that would otherwise fulfil the selection criterion of the previous sentence. They could specialise in making either product,
or make a collection that contains some of both. These individuals would be completely indifferent about it.

Behaviour according to the principle of comparative advantage means that the *homo mercator* applies the maximisation principle throughout, that is, both in commodity exchange and in the process of mercantile labour. This argument does not depend on the assumption of vertical integration of labour processes.\(^\text{12}\) If the possibility of obtaining inputs to production through the market were explicitly considered, the individual would also form market-based expectations regarding the relative prices of the prospective inputs. In this case the principle of comparative advantage would not only determine the product that the individual would make and supply to the market but also which inputs to its material production they would make themselves and which ones they would acquire through the market. The comparison would now be between the ratio of the labour time required for the reproduction of a certain input to that of the final commodity and their relative price to each other in the market.

Thus the neoclassical principle of utility maximisation leads to Ricardo’s (1817) concept of comparative advantage in the labour programming process. This concept, in turn, brings out the relevance of the praxeological principle of value – a generic principle underlying the organisation of the labour of society in any labour economy\(^\text{13}\) – also in commodity production, and underpins the commodity division of labour, which is a major focus of Smith’s (1776) analysis. The behaviour of the *homo laborans* according to the principle of comparative advantage is the theoretical foundation of the reinstatement of the principle of

\(^{12}\) That is, the labour theory of value does not depend on the market being, in Lysandrou’s terms (2000), “thin”.

\(^{13}\) Smith (1776), Ricardo (1817) and Marx (1867) brought up this principle in order to clear up their concepts of value. Smith and Ricardo utilised it in the context of the rude and primitive state of society, whereas Marx used it his examples on Robinson Crusoe and the patriarchal industries of a peasant family in Section 4 of Chapter 1 of *Capital*. Nevertheless, they all failed to pick up the mercantile determinations of this principle in commodity production and thus integrate the subjective and the objective moments of commodity value.
value as an objective social substance, and shows the subjective moment of the social process of abstraction from the concrete material determinations of any work. In other words, it presents the subjective moment of the constitution of what Marx (1867) calls abstract labour as a determinate negation of the material aspect of labour.

We have so far explained the subjective moment of labour allocation by individuals given the market data and their expectations on the equilibrium prices in the next market round. Because the initial endowment of goods of the different individuals is no longer assumed, the exogenous variables are now their tastes and technical abilities. We now have to turn to the objective social outcome of their behaviour, that is, the equilibrium of the system, or the movement of the market equilibrium prices.

If all individuals follow the principle of comparative advantage, in the long run the equilibrium relative prices of commodities will tend to a social average of their respective individual relative values. The average, however, will not be necessarily the mean.\textsuperscript{14} The equilibrium relative prices of the system will tend to an average in the sense that they will lie somewhere in between the individual relative values for the respective worst and best producers. Tastes, relative prices and the endowment of goods each individual has available for exchange, which we now know arises from the individuals’ respective labour decisions, determine a structure of demand. Within a structure of demand, the marginal individuals determine the long-run equilibrium relative prices of commodities. In other words, the social relative values of commodities are given by their marginal individual relative values or, equivalently, by their relative values for those individuals who in the long-run equilibrium are

\textsuperscript{14} In Ricardo (1817) the terms of trade are not necessarily the mean of the relative values of commodities for the different countries either. In his two-country model with two commodities, he just states that the terms of trade between both countries will lie somewhere in between the relative values of these commodities for either country.
indifferent between carrying on with their current activity and switching to a different branch. The commodities whose equilibrium market prices escape the rule of value are those which are not reproducible on the required scale. As Ricardo (1817) highlighted, the exchange value of these commodities is fully resolved in the moment of commodity exchange according to their relative scarcity in the market.

That the relative values of commodities are affected by the structure of demand appears to be a contradiction to the labour theory of value, but it is not. The quantity of labour socially necessary to reproduce a product is always affected by the structure of consumption, regardless of the social form in which these products are obtained. However, this does not alter the fact that products are valued according to the quantity of labour socially necessary to replace them, as is discussed in Levín (1997) and Ahumada (2009), and is also implicit in Marx (1867) in his discussion of the content and quantitative determination of value and the direct social character of labour in pre-capitalist societies. In other words, the concept of value is the mediating link between the pursuit of use value and the allocation of labour time. Thus within the framework of the commodity, it is the mediating link between supply and demand. Aside from the effect of the structure of demand on value, there are also two main factors on the supply side likely to prevent the relative values of commodities from being the mean of their individual relative values. First, in general the technical domain of each individual comprises only a couple of commodities out of the whole possible range. Second, the average depends on the efficiency of individuals, which is not necessarily symmetrically distributed.

By assumption the market\textsuperscript{15} closes every Monday in equilibrium but this is only a state of general market equilibrium. If the relative prices of commodities differ from their relative values, the system will not be in equilibrium. Since commodity production is carried out individually and, as we have seen above, commodity producers are not aware of the determination of value by labour, nor do they need to, the relative prices of commodities will in general differ from their respective relative values, even if the former simultaneously clear all markets. They will converge to the commodities’ respective relative values only indirectly through changes in supply caused by individuals reallocating their own labour time and switching specialisation in order to attain the biggest feasible budget given their technical abilities and the market prices they expect. That is, the commodity becomes the bearer of “mercantile value” (Levín, 1997), whereby commodity value splits into market, or realisation, value and value.

The specificity of the value of the commodity was foreshadowed by both Smith (1776) and Ricardo (1817) in their extrinsic distinction between market price and natural price, but more significantly, by Smith’s (1776) distinction between the labour commanded by a commodity and that contained in it. Since Smith’s exposition of this two-fold character of the labour represented by a commodity is defective, and sometimes refers to indirect command of labour objectified in other commodities through the exchange of one’s own commodity, while some others to command of living labour, both Ricardo (1817) and Marx (1867) chastised Smith for this distinction and stuck to the labour contained view of commodity value. However, as Levín (1997) points out, if we work out the conceptual truth of Smith’s distinction, and

\textsuperscript{15} The general concept of market is referred to here, so that the term encompasses all particular markets.
regard labour contained as the quantity of labour socially necessary to reproduce a commodity, and labour commanded as the quantity of social labour that this commodity realises and thus commands in the form of other commodities through its exchange in the market, we have an anticipation of the concept of mercantile value, or commodity value. This is the key to conceptual mediation in the theory: the integration of commodity exchange and mercantile labour, of market scarcity and value, of market equilibrium and system equilibrium, of the commodity division of labour and the regulation of equilibrium prices by value, of socially necessary labour and the social allocation of work that the market requires. It is also the key to fundamental topics that fall outside the scope of this paper, such as the theory of the form of value, the genesis of money, the proper conceptualisation of the use value of a commodity and its integration with its value facet and the theory of capital.

In effect, commodities are realised as market values, which gain an existence as relative magnitudes. However, by virtue of the behaviour of the commodity producer as a “mercantile worker” (Levin, 1997), all commodities brought into relation in the market acquire a value. Value manifests itself indirectly through the adjustment of the system of production and as the driver of the realisation values of commodities, which through this mediation become absolute magnitudes. Put differently, commodity exchange allows commodities to command a different amount of social labour objectified in other commodities than what they each contain, which is itself market-mediated. However, this implies that the sum total of the deviations cancel each other out, for the quantity of objectified social labour realised through the process of reproduction of the material conditions of existence of society cannot be different from the quantity of objectified social labour necessary for it.

The above argument bears directly on the concept of mercantile scarcity: mercantile scarcity determines the equilibrium relative market values of commodities but peters out as these
relative market values approach the respective relative values of commodities, whereby the general market equilibrium converges on the general system equilibrium, and socially necessary labour is allocated to the different tasks in the required proportions. It also gives meaning to absolute mercantile scarcity, that is, to the long-run equilibrium market value of those commodities which are not reproducible on the required scale and those which are absolutely irreproducible, such as an invention, and therefore have no value. Absolute scarcity has a meaning only within the structure of needs of a labour economy, for it is only within the general process of reproduction of society that it may make sense to allocate society’s labour in a way that deviates from the quantity of labour socially necessary to reproduce each individual item of the material wealth of society. This may occur because the deviation in the allocation reduces the total quantity of labour required for the satisfaction of a material need of society compared to any other alternative. For example, an invention may have market value despite not having value because it may allow its user to enhance the productive power of their labour and perhaps even develop an absolute advantage, so that the reproduction of a unit of their product takes less labour than before, even after factoring in the labour objectified in commodities that has to be given up in exchange for the right to use the invention.

If the equilibrium relative market values of commodities differ from their respective relative values, they will converge to the latter due to the re-specialisation of commodity producers. If changes in tastes change the structure of demand, increasing the demand for a commodity – and decreasing the demand for at least one other commodity – the adjustment process will start again. When the system reaches the new equilibrium, the exchange value of the commodity under consideration will have risen due to an increase in its relative value. This is the manifestation of increasing marginal costs or, in other words, of the fact that new
individuals, relatively inefficient in the production of the commodity in question given the old structure of demand, are now drawn to its production. If the technical conditions for making a commodity improve, ceteris paribus, it will bring about changes in the individual relative values of commodities which will trigger a re-specialisation process affecting relative supplies. The whole adjustment process will end when the relative market values of commodities are equal to their new social relative values.

Therefore, the attainment of general market equilibrium is the conceptual starting point of the movement towards the equilibrium of the system. The law of value concerns the movement of the general market equilibrium prices towards a moving gravitational centre, and thus determines the feasible extent and the mutually offsetting character of the deviations of both equilibrium market values from values and of market values from equilibrium market values. In addition, the concept of reproduction is central to the concept of value; the value of a product does not represent the quantity of labour actually expended on it but the quantity of labour socially necessary to reproduce it, as Ricardo (1817) argued.

The distinction between a general market equilibrium and a general system equilibrium encompassing the former gives rise to the concept of “mercantile comparative advantage” (Levín, 1997) as the unity in difference of “market comparative advantage” and “real comparative advantage”. Individuals’ market comparative advantage reflects their comparative facility of production given the immediate market conditions. Thus the relative market values of commodities always cause individuals to specialise according to their respective market comparative advantages. Individuals’ real comparative advantage, in contrast, is the expression of their true comparative facility of production given the structure of demand. The specialisation according to real comparative advantage therefore responds to the systemic structure underpinning supply and demand, that is, in generic terms, to the
underlying structure of social labour and needs. Since the general relation of production takes place exclusively through the market, it follows that individuals always specialise according to their market comparative advantage. The specialisation according to real comparative advantage occurs in an indirect fashion, through the long-run adjustment of the system. In other words, in the long-run the market comparative advantage of individuals converges to their own real comparative advantage.

The interplay between market comparative advantage and real comparative advantage allows us to see from a different perspective the polar yet mutually dependent relationship existing between the objective moment of commodity production and its subjective moment. Given the technical domain of an individual, the relative market values determine the individual’s market comparative advantage, and hence individual working behaviour. However, the decisions of all the individuals taken together determine the equilibrium relative market values of commodities, making them converge to their relative values. This is also the process which makes the market comparative advantage of individuals converge to their real one. At the same time, relative market values reflecting relative values is what makes an individual specialise according to their real comparative advantage.

The concept of mercantile value also gives rise to the concept of mercantile absolute advantage as the unity-in-difference of market absolute advantage and real absolute advantage. Individuals with a market absolute advantage exchange a market value for an equivalent one but are nonetheless able to appropriate objectified social labour in exchange for their objectified work at a rate above the social average. That is, an hour of their labour counts as more than an hour of socially necessary labour, and they are thereby able to attain a bigger budget than would otherwise be possible. In contrast, the private labour of individuals with market absolute disadvantage counts merely as reduced social labour. Real absolute
advantage and disadvantage refer to the real productivity of labour and sets labour that is more productive than average apart from labour that is less productive than average social labour. The adjustment of the system makes market absolute advantage and disadvantage converge to their real counterparts, and in the long run it imposes the creation of enhanced value as a condition to be able to appropriate social labour at a rate above average through the exchange of commodities.

However, the mercantile value of commodities makes the sum total of deviations of quantities of enhanced and reduced social labour from quantities of average social labour cancel each other out, as well as the sum total of the deviations in social labour appropriation owing to divergences between market absolute advantages and their real counterparts. The attainment of a market absolute advantage is the drive for technical innovation and product differentiation and, through the mediation of mercantile absolute advantage and the principle of comparative advantage, provides the interface between the constitution of value and the creation of material wealth.


Mercantile labour always has a materially concrete form but in its immediacy, its material form is indeterminate, since mercantile workers are indifferent about the concrete materiality of their labour, so long as it allows them to attain the biggest possible budget. In order to maximise their budget, individuals have to regard the different types of work they can perform just as different quantities of their own labour capacity. That is, individuals have to abstract from the material particularities of their work. This means that in commodity production, given the expected relative market values of commodities, it is abstract labour
that determines the materially concrete form of application of the mercantile worker’s labour capacity. The concrete materiality of work is the necessary mediation through which all particularity of labour is transcended. As a result, abstract labour emerges as a determinate abstraction from the concrete materiality of work, not as mere expenditure of muscles, nerves and brains, as in Marx (1867). As Levín (1997) points out, Marx’s characterisation of abstract labour in Chapter 1 of Capital does not distinguish mercantile labour from any other type of labour, nor does it distinguish mercantile labour from animal energy expenditure.

At this point, however, the abstraction from the concrete materiality of labour is only subjective, but as was discussed in the previous section, if all individuals behave the same way, abstract labour acquires an objective form of existence in the mercantile value of commodity and its unfolding into realisation value and value. For this to happen, it is not necessary that commodity producers regard commodity exchange as exchange of objectified labour, but even if they did, it would be impossible for them to measure these quantities of social labour, simply because commodity producers are immediately independent from one another. The form of appearance of the objective moment of abstract labour falls outside the scope of these pages but already at this level of abstraction, we can see how it organises the labour of society through the movement of the market values of commodities. Thus abstract labour determines through a double negation the materially concrete way in which the labour capacity of commodity producers is exerted: the subjective negation by the individual of the material character of their labour, directly manifested in their complete indifference about the mode of application of their labour, and the negation of this negation through the autonomous movement of the relative market values as the outcome of individual behaviour. In short, it is abstract labour in its autonomous objectivity – the result of the negation by all commodity producers simultaneously of the concrete materiality of their own work – that through the
mediation of the subjective moment of abstract labour determines the concrete forms in which the labour capacity of individuals is exerted. The objective side lies on one side as the movement of mercantile value and the adjustment of the system, whereas the subjective side is reduced to the concrete allocation of the commodity producer’s own labour capacity. The subject becomes object, whereas the object emerges as almighty subject.

The above argument should not mislead us into thinking that the fact that mercantile labour has a dual form of existence as materially concrete labour and as materially abstract labour is a specific feature of this labour. The specificity of mercantile labour does not lie in this two-fold nature, but in the form that it acquires this nature. The abstraction from the concrete material characteristics of labour is a feature of any labour economy, in which the total labour capacity of that society has to be allocated among alternative uses for the reproduction of the material conditions of existence of that society. However, in pre-capitalist societies, such a distinction does not entail the separation between its subjective and its objective moments because production is consciously organised, and labour, as well as its direct social character, is at the front of everyone’s mind. Because commodity production is carried out on an individual basis, the subjective and the objective moments of this distinction fall apart. The subjective moment remains with the isolated individual but the objective moment gains an existence of its own separated from the individual. Individuals necessarily lose consciousness of the organic whole, since consciousness of this is completely superfluous for the organisation of the labour of society, and they even forget that labour is what gives life to the economy. In commodity production, materially abstract labour is not just expenditure of brains, nerves and muscles, but such expenditure by individuals who work independently from one another as part of the process of autonomously deciding on the particular application of their own labour capacities.
Commodity producers go to the market in order to appropriate mercantile value and thus be able to maximise their budget and, subsequently, their satisfaction in consumption, but that they can do on a habitual basis only on condition that they produce value themselves. Value can be produced only insofar as socially useful products are reproduced or, equivalently, as labour reproduces the material wealth of society, for mercantile value has no form of existence apart from the commodities brought into relation with one another. The first function of mercantile labour is the reproduction of socially useful products as it constitutes itself as value that will be transfigured into market value in the exchange of its products as commodities. It is materially concrete labour determined according to the principle of comparative advantage, objectifying itself as abstract labour as the substance of mercantile value and unfolding into content of labour and command of labour, or value and market value. But for labour to be physically able to reproduce useful products, it must preserve its conditions of application, that is, it must be able to replace the inputs and means of labour consumed during the labour process, and preserve those not consumed as long as they are still useful for the goal of commodity producers: the maximisation of their budget.

The preservation of the conditions of labour occurs in a roundabout way through the principle of comparative advantage which, as it allocates work with a view to economising working effort, leads to the preservation of the value of the means of labour for as long as the social conditions of their reproduction stay the same. As Marx highlights in both Capital (1867) and the Grundrisse (1857), while mercantile labour objectifies in new value, it is not reproducing the value of the conditions of labour but preserving them, for it cannot do both at exactly the same time. This distinction between creation of value and preservation of value arises from breaking down the process of reproduction into consecutive time periods. However, as is implied in the previous section, if mercantile labour preserves value it is only insofar as it
has created it before, if not directly embodied in the means of labour themselves, in the commodities that had to be exchanged for these means of labour. It preserves it in the same sense as one preserves the pasta one has cooked when later one adds sauce to it. As Levín (1997) points out, the function of labour as value preserving is not specific to the theory of capital, as in Marx (1867), but pertains to the more general theory of the commodity. The principle of comparative advantage accounts for the commodity division of work, the objectification of mercantile labour as mercantile value and the preservation by mercantile labour of the value of the means of labour.

However, as in the distinction between materially concrete and materially abstract labour, we must bear in mind that the preservation of the value of the means of labour is not even specific to commodity production. Its specificity resides only in the form that this is effected. In direct pre-capitalist modes of production, this occurs as the direct outcome of the praxeological principle of value. Within a certain allocation of the work of society, say, peasants will have to carry out their work in a way that the value of the means of labour are preserved in the final product, regardless of whether they make the means of labour themselves or they receive some of them from the craftsmen. If they do not, they will not be able to supply the other classes of society as they should and, leaving aside possible grievous punishment, this would put the reproduction of the other classes in jeopardy, which would in turn peril their own survival, for the social metabolism of that society would break down. In this case the notion of labour and the principle of value, though not in a reified form, would be at the front of their consciousness. In commodity production, in contrast, the preservation of the value of the means of labour occurs in an objective fashion and behind the back of producers but, nevertheless, as a direct outcome of their allocation of their own labour capacities according to the principle of comparative advantage. Commodity producers cannot
command mercantile value unless they supply it to the market in exactly the same quantity. In
the long-run system equilibrium they could only acquire the required means of labour by
preserving their value in the labour process, so that they can acquire them again the next time
they go to the market.

V. Implications of the Reinterpretation

The theory of value outlined in this paper differs from most other versions and is inspired by
Levin’s (1997) theory of the commodity. Commodity value unfolds into market value and
value, and finds its mediated conceptual unity in the concept of mercantile value. The market
values of the different commodities – identical to the sum of their values in the aggregate –
do not converge to their respective values directly; they do so indirectly through the relative
market values of commodities gravitating towards their relative values. The latter are
determined by the relative quantities of labour socially necessary to reproduce the respective
commodities given a structure of demand. These are the relative quantities of labour
necessary for the marginal individuals, on whom the stability of the system rests. The concept
of value is also unmistakably linked with that of reproduction, not of past labour.

Unlike Ricardo’s (1817), the approach under consideration does not need an invariable
measure of value. It just requires that individuals be able to measure the quantity of labour
they each would need to expend in order to replace those commodities which are in their own
technical domain, i.e. an individual measure of value. This is because it rests entirely on the
immediate unity-in-difference of the commodity as a use value and as an exchange value. It is
individuals themselves who bring about the reduction of the different kinds of work –
implying different skills, training and so on – to homogeneous labour, and this without any
conscious intention. They do so when they compare the expected exchange values of those
commodities within their own technical domain with the commodities’ individual relative
values and then specialise accordingly. This is also the process which gives rise to materially abstract labour as the force regulating the productive structure of the economy. Thus Ricardo’s statement that, “Possessing utility, commodities derive their exchangeable value from two sources: from their scarcity, and from the quantity of labour required to obtained them” (Ricardo, 1817 [1971, p. 56]), can be re-phrased as follows. Possessing utility, a reproducible commodity derives its exchange value from contingent supply and demand in the short run and from its value in the long run. Both its value and the adjustment process are mediated by the market. The mediation between the two sources of exchange value is supplied by the mercantile value of commodities, which brings out the fact that mercantile scarcity, whether temporary or absolute, can only exist and gain meaning within a structure of social needs and labour determined by the process of material reproduction of a labour economy. Ricardo’s concept of absolute advantage, reconceptualised as mercantile absolute advantage plays a crucial role too, since this and the principle of comparative advantage provide the interface between the constitution of value and the creation of material wealth.

The theory of value advanced in this paper, though rendering relative prices determinate, is not a quantitative theory of price. It would not make any sense to develop such a theory at this point of the analysis, because capitalist production is not merely generalised commodity production. This paper just seeks to understand what lies behind the exchange value of commodities as part of the answer to the way material production becomes socially recognised in a worldwide system where it is carried out privately and independently. The insight offered is that commodity production is nothing but the organisation of the labour of society for the reproduction of its own material conditions of existence, just like any other

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16 There is an inversion in the process of production under capital, the original end of production – use value – just serving as capital’s means, and production’s original means – the principle of value – becoming capital’s aim and end.
previous mode of production. In other words, this paper only shows that a labour-based universal relation entailing many-sided dependence underpins the surface appearance of individual freedom and independence (Postone, 1993), which both Smith (1776) and Ricardo (1817) attempted to show in their main works.

Thus this paper just offers an alternative understanding of the adjustment of the productive structure of the economy based on quantities of social labour, which does not manifest itself directly. That is, the objective expression of mercantile value and the issue of the general measure of mercantile value – the objective moment of the measure of value, have not been dealt with in this paper. Instead, it presents a theory of the adjustment of the system of production hinging, in Smith’s (1776) terms, both on the short-run divergence between the quantities of social labour commodities command through their exchange in the market and the respective quantities contained in them, and on the long-run convergence of the former to the latter. That is, this paper has dealt with the first of the two transitions outlined in figure 2: the transition from the concept of exchange value to that of value. The reason why the allocation of society’s labour occurs indirectly, under the guise of a self-governing allocation of material objects and through labour becoming reified as an autonomous materially abstract substance, is investigated in Arthur (2002), Levín (1997) and Postone (1993). Accurately speaking, then, the step taken in this paper, though essential for answering the question mentioned in the opening line of the previous paragraph, solves Ricardo’s (1817) problem but not Marx’s (1867). Nonetheless, it paves the way for the latter’s second transition.

In short, the principle of value is generic and regulates the replacement of reproducible products in any economy of effort in which labour is a means to an end and not an end in itself. Thus it is instrumental in reconciling needs with the allocation of labour time. In pre-capitalists economies this principle was in the consciousness of individuals, as is implied in
Marx’s (1867) discussion of the serfdom relationship of the middle ages and the patriarchal industries of a peasant family. The law of labour value implies that in commodity production the generic principle of value rises to an objective law articulating, in Hegel’s view (Arthur, 2002), a global system of needs and labour in which labour and its product are no longer in immediate unity. Therefore, it eludes the immediate consciousness of the individual.

The law of simple commodity exchange (Duménil, 1984a, 1984b), in turn, argues that the exchange values of commodities will converge to their relative values. This result hinges exclusively on keeping the unity of the two roles of *homo mercator* and *homo laborans* in the same actor within the process of production of each commodity; in other words, it rests on not simply assuming the capitalist categories. Therefore, it does not rely on either disregarding the means of production or assuming identical technical conditions of production throughout the economy. Nor does it need the particular neoclassical definitions of utility and utility maximisation. However, such a theory developed from its foundations through to its logical conclusion necessarily leads to the labour theory of value. The recourse to neoclassical economics was mainly pedagogical. Its usefulness lies in its emphasis on the individual and in its unilateral focus on the social moment of commodity production. The former allows us to tear the labour theory of value from its one-sided objectivity, whereas the latter enables us to understand that commodity production constitutes a unity-in-difference. Nevertheless, this also discloses the narrow scope of neoclassical economics in a comprehensive theory of the commodity.
References


