CHAPTER ONE

Commodities and Exchange

CHAPTER 1: THE COMMODITY

Section 1: Use-Value and Value

Let me begin by looking at the first section of chapter 1 in considerable detail. I do so in part because Marx here lays out fundamental categories in an *a priori* and somewhat cryptic, take-it-or-leave-it fashion that could do with elaboration. But I am also interested in getting you, as quickly as possible, familiar with the kind of close reading of *Capital* that is necessary if you are to understand it. Don't worry, I will not continue at this level of intensity!

The commodity is Marx's *a priori* beginning point. "The wealth of societies in which the capitalist mode of production prevails," he says, "appears as an 'immense collection of commodities'; the individual commodity appears as its elementary form. Our investigation therefore begins with the analysis of the commodity" (125). But notice something about the language. "Appears" occurs twice in the passage, and, plainly, "appears" is not the same as "is." The choice of this word—and watch out for it, because Marx makes frequent use of it throughout *Capital*—signals that something else is going on beneath the surface appearance. We are immediately invited to think about what this might be. Notice also that Marx is exclusively concerned with the capitalist mode of production. He is not concerned with ancient modes of production, socialist modes of production or even hybrid modes of production, but with a capitalist mode of production in a pretty pure form. It is always important to remember this in what follows.

Starting with commodities turns out to be very useful because everyone has daily contact with and experience of them. We are surrounded by them at every turn, we spend time shopping for them, looking at them, wanting them or spurning them. The commodity form is a universal presence within a capitalist mode of production. Marx has chosen *the* common denominator, something that is familiar and common to us all, irrespective of class, race, gender, religion, nationality, sexual preference or whatever. We know about commodities in an everyday way, and they are, furthermore, essential to our existence: we have to buy them in order to live.

Commodities are traded in the market, and this immediately poses the question: what kind of economic transaction is this? The commodity is something that meets a human want, need or desire. It is something external to us that we take possession of and make ours. But Marx immediately declares he is not interested in "the nature of these needs, whether they arise, for example, from the stomach, or the imagination." All he is interested in is the simple fact that people buy commodities and that this act is foundational to how people live. There are, of course, millions of commodities in the world, and all of them are different in terms of their material qualities and how they are described quantitatively (pounds of flour, pairs of socks, kilowatts of electricity, yards of cloth, etc.). But Marx pushes all this immense diversity to one side, saying that the discovery of "the manifold uses of things is the work of history," as is the "invention of socially recognized standards of measurement for the quantities of these useful objects" (125). But he needs to find some way to talk about the commodity in general. "The usefulness of a thing," can best be conceptualized as a "use-value" (126). This concept of use-value will be vital in everything that follows.

Notice how quickly he abstracts from the incredible diversity of human wants, needs and desires, as well as from the immense variety of commodities and their weights and measures, in order to focus on the unitary concept of a use-value. This is illustrative of an argument he makes in one of the prefaces, where he says that the problem for social science is that we cannot isolate and conduct controlled experiments in a laboratory, so we have to use the power of abstraction instead in order to arrive at similar scientific forms of understanding (90). In this opening passage you see this process of abstraction at work for the first, but certainly not the last, time.

But "in the form of society to be considered here" (i.e., capitalism), commodities "are also the material bearers . . . of . . . exchange-value." Be careful about the word "bearer," because bearing something is not the same as being something. Commodities are bearers of something else which has yet to be defined. So how do we discover what the commodity is a bearer of? When we look at actual exchange processes in the market, we witness an immense variety of exchange ratios between, for example, shirts and shoes and apples and oranges, and these exchange ratios vary a great deal even for the same products according to time and place. So at first sight it seems as if exchange ratios are "something accidental and purely relative" (but note the word "relative"). From this it would "appear" that the idea of "an intrinsic value, i.e. an exchange value that is inseparably connected with the commodity, inherent in it, seems a contradiction in terms" (126). On the other hand, everything is in principle exchangeable with everything else. Commodities can keep changing hands and keep moving in a system of exchanges. Something makes all commodities commensurable in exchange. From this it follows that "the valid exchange-values of a particular commodity express something equal, and secondly, exchange-value cannot be anything other than the mode of expression, the 'form of appearance', of a content distinguishable from it." I cannot dissect a commodity and find that element within it that makes it exchangeable. What makes it exchangeable must be something else, and that something else is discoverable only when the commodity is being exchanged (and here the idea of movement and process starts to emerge as crucial). As the commodity changes hands, so it expresses something about not only its own qualities but the qualities of all commodities, i.e., that they are commensurable with one another. So why are they commensurable, and whence does that commensurability derive? "Each of them" (the commodities), "so far as it is exchange-value, must therefore be reducible to this third thing" (127).

"This common element," Marx then argues, "cannot be a geometrical, physical, chemical or other natural property of commodities" (127). This leads to a significant turn in the argument. Marx is usually depicted as an unwavering if not fundamentalist materialist. Everything has to be material in order to be validly considered as real, but here he is denying that the materiality of the commodity can tell you anything you might want to know about what it is that makes them commensurable. "As use-values, commodities differ above all in quality, while as exchange-values they can only differ in quantity, and therefore do not contain an atom of use-value." The commensurability of commodities is not constituted out of their use-values. "If then we disregard the use-value of commodities, only one property remains"—and here we are going to make another of those *a priori* leaps by way of assertion—"that of being products of labour" (128). So commodities are all products of human labor. What commodities have in common is that they are all bearers of the human labor embodied in their production.

But, he then immediately asks, what kind of human labor is embodied in commodities? It can't be the actual time taken—what he calls the concrete labor—because then the longer taken to produce the commodity, the more valuable it would be. Why would I pay a lot for an item because somebody took a long time making it when I can get it at half the price from somebody else who produced it in half the time? So, he concludes, all commodities are "reduced to the same kind of labour, human labour in the abstract" (128).

But what does this human labor in the abstract look like? Commodities are residues

> of the products of labour. There is nothing left of them in each case but the same phantom-like objectivity; they are merely congealed quantities of homogeneous human labour . . . As crystals of this social substance, which is common to them all, they are values—commodity values. (128)

What a crisp passage, yet with what incredibly condensed meanings! If human labor in the abstract is a "phantom-like objectivity," how can we possibly see it or measure it? What kind of materialism is this?

It has, you will notice, taken a mere four pages of rather cryptic assertions to lay out the fundamental concepts and move the argument from use-value to exchange-value to human labor in the abstract, and ultimately to value as congealed quantities of homogeneous human labor. It is their value that makes all commodities commensurable, and this value is both hidden as a "phantom-like objectivity" and passed on in the processes of commodity exchange. This poses the question: is value really a "phantom-like objectivity," or does it merely appear that way?

This allows us to reinterpret exchange-value as "the necessary mode of expression, or form of appearance, of value" (128). Notice the word "appearance" here once more, but now we can look at the relation the other way round because the mystery of what makes all commodities exchangeable is now understood as a world of appearances of this "phantom-like objectivity" called value. Exchange-value is a necessary representation of the human labor embodied in commodities. When you go into the supermarket you can find out the exchange-values, but you can't see or measure the human labor embodied in the commodities directly. It is that embodiment of human labor that has a phantom-like presence on the supermarket shelves. Think about that the next time you are in a supermarket surrounded with these phantoms!

Marx then returns to the question of what kind of labor is involved in the production of value. Value is "abstract human labour . . . objectified . . . or materialized" in the commodity. How can this value be measured? In the first instance, this plainly has something to do with labor-time. But as I already argued in setting up the difference between concrete and abstract labor, it cannot be the actual labor-time, because then the commodity would be "more valuable the more unskillful and lazy the worker who produced it." So "the labour that forms the substance of value is equal human labour, the expenditure of identical human labour-power." In order to get at what the "expenditure of identical human labour-power" might mean, he needs, he says, to look at "the total labour-power of society, which is manifested in the values of the world of commodities" (129).

This *a priori* assertion has huge implications. Marx does not, however, elaborate on them here. So let me do so, lest you misconstrue what the value theory is about. To speak of "the total labour-power of society" is tacitly to invoke a world market that has been brought into being under a capitalist mode of production. Where does this "society"—the world of capitalist commodity exchange—begin and end? Right now it's in China, it's in Mexico, it's in Japan, Russia, South Africa—it's a global set of relations. The measure of value is derived out of this whole world of human laboring. But this was true, though obviously on a lesser scale, of Marx's time, too. There is a brilliant description of what we now call globalization in the *Communist Manifesto*:

> The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country . . . it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilised nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency,

> we have intercourse in every direction, universal inter-dependence of nations.

It is on this dynamic global terrain of exchange relations that value is being determined and perpetually redetermined. Marx was writing in a historical context where the world was opening up very fast to global trade, through the steamship, the railways and the telegraph. And he understood very well that value was not determined in our backyard or even within a national economy, but arose out of the whole world of commodity exchange. But he here again uses the power of abstraction to arrive at the idea of units of homogeneous labor, each of which "is the same as any other, to the extent that it has the character of a socially average unit of labour-power and acts as such," as if this reduction to the value form is actually occurring through world trade.

This allows him to formulate the crucial definition of "value" as "socially necessary labour-time," which "is the labour-time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society." He concludes, "What exclusively determines the magnitude of the value of any article is therefore the amount of labour socially necessary, or the labour-time socially necessary for its production" (129). There is your definition. But it is plainly a contingent definition, because it is internal to the concept of "society"—but where does society begin or end? Is it closed or open? If that society is the world market, as it surely must be, then . . . ?

One reason Marx could get away with this cryptic presentation of use-value, exchange-value and value was because anybody who had read Ricardo would say, yes, this is Ricardo. And it is pure Ricardo with, however, one exceptional insertion. Ricardo appealed to the concept of labor-time as value. Marx uses the concept of *socially necessary* labor-time. What Marx has done here is to replicate the Ricardian conceptual apparatus and, seemingly innocently, insert a modification. But this insertion, as we shall see, makes a world of difference. We are immediately forced to ask: what is socially necessary? How is that established, and by whom? Marx gives no immediate answers, but this question is one theme that runs throughout *Capital*. What are the social necessities embedded within a capitalist mode of production?

This, I submit, continues to be the big issue for us. Is there, as Margaret

Thatcher famously remarked, "no alternative," which in a way is like saying that the social necessities that surround us are so implacably set that we have no choice but to conform to them? At its foundation, this goes back to a question of by whom and how "values" are established. We all like to think, of course, that we have our own "values," and every election season in the United States there is an interminable discussion about candidates' "values." But Marx is arguing that there is a certain kind and measure of value which is being determined by a process that we do not understand and which is not necessarily our conscious choice, and that the manner in which these values are being imposed on us has to be unpacked. If you want to understand who you are and where you stand in this maelstrom of churning values, you have first to understand how commodity values get created and produced and with what consequences—social, environmental, political and the like. If you think you can solve a serious environmental question like global warming without actually confronting the question of by whom and how the foundational value structure of our society is being determined, then you are kidding yourself. So Marx insists that we must understand what commodity values and the social necessities that determine them are all about.

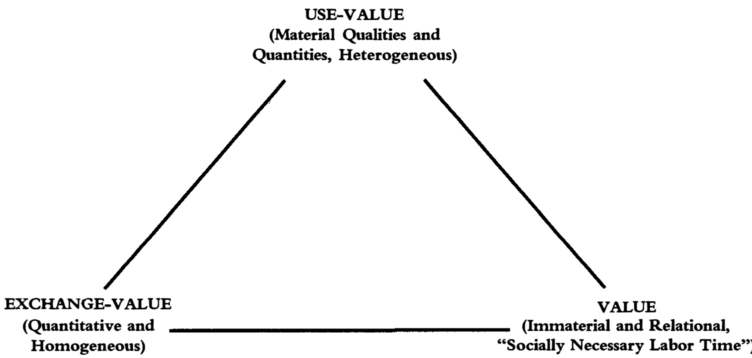
Commodity values are not fixed magnitudes. They are sensitive, for instance, to changes in productivity:

> The introduction of power-looms into England, for example, probably reduced by one half the labour required to convert a given quantity of yarn into woven fabric. In order to do this, the English hand-loom weaver in fact needed the same amount of labour-time as before; but the product of his individual hour of labour now only represented half an hour of social labour, and consequently fell to one half its former value. (129)

This alerts us to the fact that value is sensitive to revolutions in technology and in productivity. Much of Volume I is going to be taken up with the discussion of the origins and impacts of revolutions in productivity and the consequent revolutions in value relations. But it is not only revolutions in technology that are important, because value is "determined by a wide range of circumstances; it is determined amongst other things by the workers' average degree of skill, the level of development of science and its technological application"—Marx is very taken with the significance of technology and science to capitalism—"the social organization of the process of production, the extent and effectiveness of the means of production, and the conditions found in the natural environment" (130). A vast array of forces can impinge on values. Transformations in the natural environment or migration to places with more favorable natural conditions (cheaper resources) revolutionize values. Commodity values, in short, are subject to a powerful array of forces. He does not here attempt a definitive categorization of all of them; he simply wants to alert us that what we are calling "value" is not a constant, but is subject to perpetual revolutionary transformations.

But then comes a peculiar twist in his argument. Right in the last paragraph of this section, he suddenly reintroduces the question of use-values. "A thing can be a use-value without being a value." We breathe air, and so far we haven't managed to bottle it and sell it as a commodity, although I am sure someone is already trying to figure out how to do that. Also, "a thing can be useful, and a product of human labour, without being a commodity." I grow tomatoes in my backyard, and I eat them. Lots of people within capitalism actually do a lot of things for themselves (particularly with a bit of help from do-it-yourself stores). A lot of laboring (particularly in the domestic economy) goes on outside commodity production. The production of commodities requires not only the production of use-values "but use-values for others." Not simply use-values for the lord of the manor, as the serf would do, but use-values that go to others through the market. But the implication of this is that "nothing can be a value without being an object of utility. If the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value" (131). Marx earlier seemed to dismiss and abstract from use-values in order to get to exchange-value, and it was this that got him to value. But now he says that if the commodity doesn't meet a human want, need or desire, then it has no value! You have, in short, to be able to sell it to someone somewhere.

Let us reflect a moment on the structure of this argument. We begin with the singular concept of the commodity and establish its dual character: it has a use-value and an exchange-value. Exchange-values are a representation of something. What is it a representation of? A representation of value, says Marx. And value is socially necessary labor-time. But value doesn't mean anything unless it connects back to use-value. Use-value is socially necessary to value. There is a pattern to this argument, and it looks like this:



Consider, then, the implications of this argument. You own a commodity called a house. Are you more interested in its use-value or its exchange-value? You will likely be interested in both. But there is a potential opposition here. If you want to fully realize the exchange-value, you have to surrender its use-value to someone else. If you have the use-value of it, then it is difficult to get access to the exchange-value, unless you do a reverse mortgage or take out a home-equity loan. Does adding to the use-value of the house for oneself add to the potential exchange-value? (A new modern kitchen, probably yes; some special construction to facilitate a hobby, probably no.) And what happens to our social world when the house that was once conceptualized mainly in use-value terms as a home becomes reconceptualized as a way to build long-term savings (a capital asset) for a working-class family or even as a vehicle to be "flipped" by anyone who has access to credit for short-term speculative gain? This use-value/exchange-value dichotomy is, well, useful!

Consider the argument in greater detail. The commodity, a singular concept, has two aspects. But you can't cut the commodity in half and say, that's the exchange-value, and that's the use-value. No, the commodity is a unity. But within that unity, there is a dual aspect, and that dual aspect allows us to define something called value—another unitary concept—as socially necessary labor-time, and this is what the use-value of a commodity is a bearer of. But in order to be of value, the commodity has to be useful. On this link back between value and use-value, we will see all kinds of issues arising around supply and demand. If the supply is too great, the exchange-value will go down; if the supply is too little, the exchange-value will go up—so there is an element here of supply and demand involved in the "accidental and relative" aspects of exchange-value. But behind these fluctuations, the value can remain constant (provided all the other forces that determine value, such as productivity, do too). Marx is not terribly interested in the supply and demand relation. He wants to know how to interpret commodity-exchange ratios between, say, shirts and shoes, when supply and demand are in equilibrium. We then need a different kind of analysis which points to value as congealed elements of this social substance called socially necessary labor-time. We have, without noticing it, tacitly abstracted from supply and demand conditions in the market in order to talk about commodity-values (with supply and demand in equilibrium) as socially necessary labor-time.

How has Marx's dialectical method been working here? Would you say that exchange-values cause value? Would you say exchange-values cause use-value, or use-values cause . . . ? This analysis is not causal. It is about relations, dialectical relations. Can you talk about exchange-value without talking about use-value? No, you can't. Can you talk about value without talking about use-value? No. In other words, you can't talk about any of these concepts without talking about the others. The concepts are codependent on one another, relations within a totality of some sort.

I recognize that to use the word "totality" is to wave a huge red flag in certain intellectual circles. Marx had no idea what structuralism might be about and would have had even less idea about poststructuralism. We should be wary of cramming his thought into these categories (my own view is that he does not fit into them at all). But Marx certainly had the ambition to understand the capitalist mode of production as a totality, so the only question of interest is, exactly what concept of totality does he have in mind? What we know from this first section is that this totality can best be approached through the triumvirate of concepts of use-value, exchange-value and value built around the commodity. But he has acknowledged that use-values are incredibly diverse, that exchange-values are accidental and relative and that value has (or appears to have) a "phantom-like objectivity," which is in any case subjected to perpetual revolutions through technological changes and upheavals in social and natural relations. This totality is not static and closed but fluid and open and therefore in perpetual transformation. This is definitely not a Hegelian totality, but what else we can say about it will have to wait until we have gotten further along in the text.

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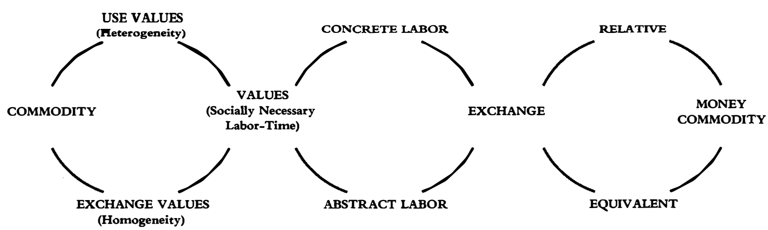
The story so far is roughly this: Marx declares that his aim is to uncover the rules of operation of a capitalist mode of production. He starts with the concept of the commodity and immediately establishes its dual character: use-value and exchange-value. Since use-values have been around forever, they tell us little about the specificity of capitalism. So Marx puts them aside in order to study exchange-values. The exchange ratios between commodities at first appear accidental, but the very act of exchange presupposes that all commodities have something in common that makes them comparable and commensurable. This commonality, Marx cryptically asserts, is that they are all products of human labor. As such, they incorporate "value," initially defined as the socially necessary (average) labor time necessary to produce them under given conditions of labor productivity. But in order for the labor to be socially necessary, somebody somewhere must want, need or desire the commodity, which means that use-values have to be reintegrated into the argument.

In the analysis that follows, these three concepts of use-value, exchange-value and value are kept in a perpetual and sometimes tense relationship with one another. Marx rarely takes any one of these concepts in isolation, it is the *relations between them* that matter. He does, however, frequently examine the relationship between just two of them while holding the third tacitly to one side. In expanding on the dual character of labor embodied in a commodity in section 2, Marx focuses on the relationship between the use-value of laboring and the value that this useful labor embodies (holding exchange-value constant). In the following section, he brackets out use-value and examines the relationship between exchange-value and value in order to explain the origin and role of money. It's important to notice these changes of focus as the argument unfolds, because the statements in any one section are always contingent on which of the concepts is being set aside.

There is yet another mode of argumentation here that requires elucidation if we are to proceed. Having begun with use-value and exchange-value—a dichotomy—he then arrives at a unitary concept of value that has something to do with human labor understood as "socially necessary labour-time" (129). But what kind of human labor is socially necessary? The search for an answer reveals another duality, that between concrete (actual) and abstract (socially relevant) labor. These two forms of labor converge again in the unitary act of commodity exchange. Yet examination of this moment of exchange reveals another duality between relative and equivalent forms of value. These two modes of expression of value are reunited in the emergence of one commodity—the money commodity—which functions as a universal equivalent in relation to all other commodities. What we see here is a pattern in the mode of argumentation, a gradual unfolding of the argument that works through oppositions that are brought back into unities (like the money-form) that internalize a contradiction which in turn generates yet another duality (the relationship between processes and things, material relations between people and social relations between things). This is Marx's dialectical method of presentation at work, and it continues throughout the whole of *Capital*, as we will see.

Here is the pattern of argument unfolding in simple diagrammatic form:



Mapping the argument in this way makes it much easier to see the woods for the trees. It is easier to situate the content of any one section within the overall line of argument. This is not Hegelian logic in the strict sense, because there is no final moment of synthesis, only a temporary moment of unity within which yet another contradiction—a duality—is internalized and then requires a further expansion of the argument if it is to be understood. This is how Marx's process of representation unfolds in *Capital*—and indeed, it is an unfolding and not a logical derivation. It produces a skeletal structure of argumentation around which all manner of conceptual matter can be arranged so that, as we proceed, there emerges a broader and broader understanding of the internal relations that keep capitalism in a perpetual state of contradictory unity and, therefore, in perpetual motion.

Section 2: The Dual Character of the Labour Embodied in Commodities

Marx begins this section with the modest claim that he "was the first to point out and examine critically this twofold nature of the labour contained in commodities. As this point is crucial to an understanding of political economy," he says, "it requires further elucidation" (132). He begins, as he did in section 1, with use-values. These are physical products, produced by useful, "concrete" labor. The immense heterogeneity of forms of concrete labor processes—tailoring, shoemaking, spinning, weaving, farming and so on—is important, because without it there would be no basis for any acts of exchange (nobody, obviously, would want to exchange similar products) or a social division of labor.

> Use-values cannot confront each other as commodities unless the useful labour contained in them is qualitatively different in each case. In a society whose products generally assume the form of commodities . . . this qualitative difference between the useful forms of labour which are carried on independently and privately by individual producers develops into a complex system, a social division of labour. (133)

Here Marx broaches a methodological theme that echoes throughout these chapters: the movement from simplicity to greater complexity, from the simple molecular aspects of an exchange economy toward a more systemic understanding. He then deviates from the rule of looking at relations in order to examine some of the universal properties of useful labor. He does so because "labour . . . as the creator of use-values, as useful labour, is a condition of human existence which is independent of all forms of society." Useful labor is "an eternal natural necessity which mediates the metabolism between man and nature, and therefore human life itself" (133).

This idea of "metabolism," with labor as the mediator between human existence and nature, is central to Marx's historical-materialist argument. He will come back to it at various points in *Capital* even as he leaves the idea rather undeveloped. This, too, is often typical of his approach. He says, in effect, "Look, there is something important here you should think about [in this case, the relation to nature]. I am not going to work with it in any detail, but I want to put it on the table as significant before going on to matters of more immediate concern." "Use-values," he writes, "are combinations of two elements, the material provided by nature, and labour." Hence, "when man engages in production, he can only proceed as nature does herself" (133). This again is an important foundational point: whatever we do has to be consistent with natural law.

> [We] can only change the form of the materials. Furthermore, even in this work of modification [we are] constantly helped by natural forces. Labour is therefore not the only source of material wealth, i.e. of the use-values it produces. As William Petty says, labour is the father of material wealth, the earth is its mother. (133–4)

With the help of this gendered metaphor (which dates back at least to Francis Bacon), Marx introduces a crucial distinction between wealth—the total use-values at one's command—and value—the socially necessary labor time these use-values represent.

Marx then returns to the question of values in order to contrast their homogeneity (all products of human labor) with the vast heterogeneity of use-values and of concrete forms of laboring. He writes,

> Tailoring and weaving, although they are qualitatively different productive activities, are both a productive expenditure of human brains, muscles, nerves, hands etc., and in this sense both human labour. They are merely two different forms of the expenditure of human labour-power. Of course, human labour-power must itself have attained a certain level of development before it can be expended in this or that form. But the value of a commodity represents human labour pure and simple, the expenditure of human labour in general. (134–5)

As such, it is what Marx calls "abstract" labor (135–7). This kind of generality of labor contrasts with the myriad concrete labors producing actual use-values. In creating this concept of abstract labor, Marx holds that he is merely mirroring an abstraction produced by extensive commodity exchanges.

So Marx conceptualizes value in terms of units of simple abstract labor; this standard of measurement "varies in character in different countries and at different cultural epochs, but in a particular society it is given." Here again we encounter a strategy frequently deployed in *Capital*. The standard of measurement is contingent on space and time, but for the purposes of analysis we assume it is known. Furthermore, in this instance, he then goes on to say, "complex labour," i.e., skilled labor, "counts only as *intensified*, or rather *multiplied* simple labour, so that a smaller quantity of complex labour is considered equal to a larger quantity of simple labour":

> Experience shows that this reduction is constantly being made. A commodity may be the outcome of the most complicated labor, but through its value it is posited as equal to the product of simple labor . . . In the interests of simplification, we shall henceforth view every form of labour-power directly as simple labour-power; by this we shall simply be saving ourselves the trouble of making the reduction. (135)

Notably, Marx never specifies what "experience" he has in mind, making this passage highly controversial. In the literature it is known as the "reduction problem," because it is not clear how skilled labor can be and is reduced to simple labor independently of the value of the commodity produced. Rather like the proposition about value as socially necessary labor time, Marx's formulation appears cryptic, if not cavalier; he doesn't explain how the reduction is made. He simply presumes for purposes of analysis that this is so and then proceeds on that basis. This means that the qualitative differences we experience in concrete labor, useful labor and the heterogeneity of it, is here reduced to something purely quantitative and homogeneous.

Marx's point, of course, is that abstract (homogeneous) and concrete (heterogeneous) aspects of labor are unified in the unitary act of laboring. It is not as if abstract labor occurs in one part of the factory and concrete labor occurs somewhere else. The duality resides within a singular labor process: making the shirt that embodies the value. This means there could be no embodiment of value without the concrete labor of making shirts and, furthermore, that we cannot know what value is unless shirts are being exchanged with shoes, apples, oranges and so on. There is, therefore, a relationship between concrete and abstract labor. It is through the multiplicities of concrete labors that the measuring rod of abstract labor emerges.

> On the one hand all labour is an expenditure of human labour-power, in the physiological sense, and it is in this quality of being equal, or abstract, human labour that it forms the value of commodities. On the other hand, all labour is an expenditure of human labour-power in a particular form

> and with a definite aim, and it is in this quality of being concrete useful labour that it produces use-values. (137)

Note that this argument mirrors that of the first section. The singular commodity internalizes use-values, exchange-values and values. A particular labor process embodies useful concrete labor and abstract labor or value (socially necessary labor-time) in a commodity that will be the bearer of exchange value in the market place. The answer to the problem of how skilled or "complex" labor can be reduced to simple labor partially lies, it turns out, in the next section, where Marx follows the commodity into the marketplace and takes up the relation between value and exchange-value. So let us move on to section 3.

Section 3: The Value Form, or Exchange-Value

This section incorporates, in my view, a lot of boring material that can all too easily mask the significance of the argument being made. Marx sometimes puts on, as I pointed out earlier, an accountant's hat, and the result is a form of exposition that can be tedious in the extreme: when this equals that and that equals this and this costs three pence and this fifteen, then the result is that something else is equivalent to . . . and so it goes, with the help of all manner of numerical illustrations to follow. The woods-for-the-trees problem, which often arises in Marx's writing, is at its worst here, so this is a good point to figure out how to approach it. I shall deal with this at two levels: I will skim over what is often a simple, technical argument, and then comment on its deeper significance.

Marx's objective is to explain the origin of the money-form. "We have to perform a task," he (again, so modestly!) claims, "never even attempted by bourgeois economics."

> That is, we have to show the origin of this money-form, we have to trace the development of the expression of value contained in the value-relation of commodities from its simplest, almost imperceptible outline to the dazzling money-form. When this has been done, the mystery of money will immediately disappear. (139)

He accomplishes this task in a series of heavy-handed steps, beginning with a simple barter situation. I have a commodity, you have a commodity.

The *relative value* of my commodity is going to be expressed in terms of the value (the labor input) of the commodity you hold. So your commodity is going to be a measure of the value of mine. Turn the relationship around, and my commodity can be viewed as the equivalent value of yours. In simple barter situations of this sort, everybody who has a commodity has something with a relative value and looks for its equivalent in another commodity. Since there are as many commodities as there are people and exchanges, there are as many equivalents as there are commodities and exchanges. All Marx really wants to show here is that the act of exchange always has a dual character—the poles of relative and equivalent forms—in which the equivalent commodity figures "as the embodiment of abstract human labour" (150). The opposition between use-value and value, hitherto internalized within the commodity, "gets represented on the surface by an external opposition" between one commodity that is a use-value and another that represents its value in exchange (153).

In a complex field of exchanges like the marketplace, my commodity will have multiple potential equivalents, and conversely, everybody out there has relative values in a potential relation with my singular equivalent. An increasing complexity of exchange relations produces an "expanded form" of value that morphs into a "general form" of value (§b, 154–7, and §c, 157–62). This ultimately crystallizes in a "universal equivalent": one commodity that plays the exclusive role of a "money commodity" (§d, 162–3). The money commodity arises out of a trading system and does not precede it, so it is the proliferation and generalization of exchange relations that is the crucial, necessary condition for the crystallization of the money-form.

In Marx's time, commodities like gold and silver had emerged to play this crucial role, but it could in principle be cowry shells, cans of tuna or—as has sometimes happened in disruptive conditions of war—cigarettes, chocolate or whatever. A market system requires a money commodity of some sort to function effectively, but a money commodity can only come into being through the rise of market exchange. Money was not imposed from outside, nor invented by somebody who thought it would be a good idea to have a money-form. Even symbolic forms, Marx argues, have to be understood in this context.

This gives rise to an interesting interpretive question, one that crops up a number of times in *Capital*: is Marx making a historical argument or a logical argument? The historical evidence supporting his explanation of how the money commodity arose would now, I think, be regarded as rather thin. Quasi-monetary systems and commodities, religious icons and symbolic tokens and the like, have long been in existence, and while expressive of some sort of social relation, these have had no necessary primitive relation to commodity exchanges even as they gradually became mixed up in such exchanges. If we were to consult the archaeological and historical records, many would now probably hold that the money-form didn't arise the way that Marx proposes at all. I am inclined to accept that argument, but then on top of it say the following—and this comes back to Marx's interest in understanding a capitalist mode of production. Under capitalism, the money-form has to be disciplined to and brought into line with the logical position that Marx describes, such that the money-form reflects the needs of a system of proliferating exchange relations. But by the same token (forgive the pun), it is the proliferation of commodity-exchange relations that disciplines any and all preceding symbolic forms to the money-form required to facilitate commodity-market exchange. The precursors of the money-form, which can indeed be found in the archaeological and historical record of coinage, have to conform to this logic to the degree that they get absorbed within capitalism and perform the function of money. At the same time, it should be clear that the market could not have evolved without that disciplining taking place. Though the historical argument is weak, the logical argument is powerful.

This section as a whole establishes, then, the necessary relation between commodity exchange and the money commodity and the mutually determinative role that each plays in the development of the other. But there is much more going on in this section to which we need to pay close attention. At the very beginning of the section, Marx describes the way in which

> the objectivity of commodities as values differs from Dame Quickly in the sense that 'a man knows not where to have it'. Not an atom of matter enters into the objectivity of commodities as values; in this it is the direct opposite of the coarsely sensuous objectivity of commodities as physical objects. We may twist and turn a single commodity as we wish; it remains impossible to grasp it as a thing possessing value. However, let us remember that commodities possess an objective character as values only in so far as they are all expressions of an identical social substance, human labour, that their objective character as values is therefore purely social. From this it follows self-evidently that it can only appear in the social relation between commodity and commodity. (138)

This is an absolutely vital point that cannot be overemphasized: value is immaterial but *objective*. Given Marx's supposed adherence to a rigorous materialism, this is, on the face of it, a surprising argument, and we have to wrestle a bit with what it means. Value is a social relation, and you cannot actually see, touch or feel social relations directly; yet they have an objective presence. We therefore have to carefully examine this social relation and its expression.

Marx proposes the following idea: values, being immaterial, cannot exist without a means of representation. It is, therefore, the rise of the monetary system, the rise of the money-form itself as a means of tangible expression, that makes value (as socially necessary labor-time) the regulator of exchange relations. But the money-form comes closer—step by step, given the logical argument—to expressing value only as commodity-exchange relations proliferate. There is, therefore, nothing universal out there called "value" that after many, many years of struggling finally gets to be expressed through monetary exchange. Rather, there is an internal and coevolving relation between the rise of the money- and the value-forms. The rise of monetary exchange leads to socially necessary labor-time becoming the guiding force within a capitalistic mode of production. Therefore, value as socially necessary labor-time is historically specific to the capitalist mode of production. It arises only in a situation where market exchange is doing the requisite job.

There are two conclusions and one major question that derive from Marx's analysis. The first conclusion is that exchange relations, far from being epiphenomena expressive of the deep value structure, exist in a dialectical relation with values such that the latter depend on the former as much as the former depend on the latter. The second conclusion confirms the immaterial (phantom-like), but objective, status of the value concept. All attempts to measure value directly will fail. The big question mark concerns how reliable and accurate the money representation is of value or, in other words, how the relation between immateriality (value) and objectivity (as captured by the monetary representation of value) actually unfolds.

Marx works through the problem in a number of steps. He comments,

> It is only the expression of equivalence between different sorts of commodities which brings to view the specific character of value-creating labour, by actually reducing the different kinds of labour embedded in the

> different kinds of commodity to their common quality of being human labour in general. (142)

Here we encounter a partial answer to the question of how the reduction from skilled and complex human labor to simple human labor occurs. But then he goes on to say: "human labour-power in its fluid state"—and it is striking how often Marx invokes the concept of fluidity in *Capital*—"or human labour, creates value, but is not itself value. It becomes value in its coagulated state, in objective form" (142). A distinction therefore needs to be made between the labor process and the thing that gets produced. This idea of a relationship between processes and things, along with the idea of fluidity, is important in Marx's analysis. The more he invokes it, the more he moves away from dialectics as a formal logic to dialectics as a philosophy of historical process. Human labor is a tangible process, but at the end of the process, you get this thing— a commodity—which "coagulates" or "congeals" value. While the actual process is what is significant, it is the *thing* that has value and the *thing* that has the objective qualities. Thus:

> The value of the linen as a congealed mass of human labour can be expressed only as an 'objectivity', a thing which is materially different from the linen itself and yet common to the linen and all other commodities. (142)

The problem is: how does value, this "thing which is materially different from the linen," get represented? The answer lies in the money-commodity form. But there are, he notes, some peculiarities in this relationship between value and its expression in the money-form. "The first peculiarity which strikes us," he writes, is that a particular use-value "becomes the form of appearance of its opposite, value," and this "conceals a social relation" (148–9).

> Hence the mysteriousness of the equivalent form, which only impinges on the crude bourgeois vision of the political economist when it confronts him in its fully developed shape, that of money. He then seeks to explain away the mystical character of gold and silver by substituting for them less dazzling commodities, and, with ever-renewed satisfaction, reeling off a catalogue of all the inferior

> commodities which have played the role of the equivalent at one time or another. (149–50)

"The body of the commodity," he goes on to say, "which serves as the equivalent, always figures as the embodiment of abstract human labour, and is always the product of some specific useful and concrete labour" (150). What does this say? Gold, for example, is a specific use-value, a specific commodity, produced under specific conditions of production, and yet we are using it as a means of expression of all human labor everywhere—we are taking a particular use-value and using it as a stand-in for all social labor. This raises complicated questions, as we will see when we get deeper into the theory of money in chapter 2.

The second peculiarity is that "concrete labour becomes the form of manifestation of its opposite, abstract human labour," and the third peculiarity is that "private labour takes the form of its opposite, namely labour in its directly social form" (150). This means not only that the universal equivalent, the money commodity, is subject to the qualitative and quantitative problems that beset the production of any use-value, but that the production and marketing of the money commodity as well as its accumulation (eventually as capital) lie in private hands even as it performs its universalizing social function. When gold was still a dominant commodity underpinning global money at the end of the 1960s, for example, the two primary gold producers were South Africa and Russia, neither of which was particularly friendly to international capitalism. The dematerialization of the whole financial system in the early 1970s and the system of floating exchange rates, free from any gold standard, that then came into being had the effect of disempowering the gold producers (even if this was not the primary reason it occurred).

These are the sorts of contradictions that Marx's analysis leads us to contemplate, and we later see—particularly in Volume III but also in chapter 3 of this volume—how these peculiarities and contradictions start to play out in the creation of possibilities for financial crises. In any case, the fundamental conclusion has to be that the relation between values and their representation in money-form is fraught with contradictions, and so we can never assume a perfect form of representation. This mismatch, as it were, between values and their representation turns out to have advantages even as it is deeply problematic, as we will see.

This brings us to an important passage on Aristotle. "There can be no exchange," says Aristotle, "without equality, and no equality without commensurability."[1] The relationship between the relative and equivalent forms of value presupposes an equality between those doing the exchanges. This attribute of equality within the market system is terribly important; Marx understands it as being fundamental to how capitalism theoretically works. Aristotle, too, understood the need for commensurability and equality in exchange relations, but he couldn't figure out what lay behind it. Why not? Marx's answer is that "Greek society was founded on the labour of slaves, hence had as its natural basis the inequality of men and of their labour-powers" (152). In a slave-holding society there can be no value theory of the sort that we are going to find under capitalism. Again, note the historical specificity of the value theory to capitalism.

This then brings Marx back to expand on the three peculiarities of the money-form in order to identify an emergent opposition:

> The internal opposition between use-value and value, hidden within the commodity, is therefore represented on the surface by an external opposition, i.e. by a relation between two commodities such that the one commodity, whose own value is supposed to be expressed, counts directly only as a use-value, whereas the other commodity, in which that value is to be expressed, counts directly only as exchange-value. (153)

This opposition between the expression of value and the world of commodities, an opposition that results in an "antinomy" between commodities and money, has to be interpreted as an externalization of something that is internalized within the commodity itself. Once externalized, the opposition becomes explicit. The relationship between commodities and money is a product of that dichotomy between use-value and exchange-value which we spotted as internal to the commodity at the very beginning.

So, what do we take from this? First, socially necessary labor-time cannot operate as a regulator of what is happening directly, because it is a social relation. Indirectly, it will do so through the medium of the money-form. Furthermore, the rise of the money-form is what permits value to start to crystallize out as the guiding principle of how a capitalist economy will

1. *Capital*, 151. The quotations from Aristotle, as cited by Marx, are from *Nicomachean Ethics*, Book V, chapter 5.

work. And, always remember, value is immaterial but objective. Now, this creates quite a lot of problems for commonsense logic that assumes value can actually be measured; even some Marxist economists spend a lot of time explaining how they can do so. My argument would be: you can't do it. If it is immaterial, you cannot measure it directly. To find value in a commodity by just looking at a commodity is like trying to find gravity in a stone. It only exists in relations between commodities and only gets expressed materially in the contradictory and problematic form of the money commodity.

Let me now take a moment to reflect further on the status of the three fundamental concepts of use-value, exchange-value and value that Marx sets out. In doing so, I will impose some of my own reflections that arise out of my specific interests, which you may accept or reject as you like. These three different concepts internalize fundamentally different spatiotemporal referents. Use-values exist in the physical material world of things that can be described in Newtonian and Cartesian terms of absolute space and time. Exchange-values lie in the relative space-time of motion and exchange of commodities, while values can be understood only in terms of the relational space-time of the world market. (The immaterial relational value of socially necessary labor times comes into being within the evolving space-time of capitalist global development.) But as Marx has already convincingly shown, values cannot exist without exchange-values, and exchange cannot exist without use-values. The three concepts are dialectically integrated with one another.

In the same way, the three forms of absolute, relative and relational space-time are dialectically related within the historical-geographical dynamics of capitalist development. This is my argument as a geographer. One of the major consequences is that the space-time of capitalism is not constant but variable (as happens with speed-up and what Marx elsewhere calls "the annihilation of space by time"[2] wrought through perpetual revolutions in transport and communications). I cannot refrain from injecting this into the discussion for your consideration! If you want to follow up on the question of spatiotemporal dynamics of capitalism, though, you will have to look elsewhere.[3]

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2. Marx, *Grundrisse*, 524.

3. David Harvey, *Spaces of Global Capitalism: Towards a Theory of Uneven Geographical Development* (London: Verso, 2006).

Section 4: The Fetishism of the Commodity and Its Secret

This section is written in a completely different, rather literary, style—evocative and metaphoric, imaginative, playful and emotive, full of allusions and references to magic, mysteries and necromancies. There is a marked contrast with the dull accountancy style of the previous section. This is rather typical of Marx's tactics throughout *Capital*; he often shifts linguistic styles according to the subject under consideration. In this case, the switch can create some confusion as to the relevance of the fetishism concept in Marx's overall argument (a confusion exacerbated by the fact that this section was moved from an appendix in the first edition of *Capital* to its current position—along with section 3—only in the second, definitive edition). Those interested in developing a rigorous political-economic theory out of Marx, for example, sometimes seem to view the fetishism concept as extraneous, not to be taken too seriously. On the other hand, those of a more philosophical or literary persuasion often treat it as the golden nugget, the foundational moment to Marx's understanding of the world. So one of the questions we have to ask is: how does this section stand in relation to Marx's overall argument?

The fetishism concept was already signaled in his discussion of the ways in which important characteristics of the political economic system get "concealed" or confused through the "antinomies" and "contradictions" between, for example, the particularities of the money commodity on the one hand and the universality of phantom-like values on the other. Tensions, oppositions and contradictions that have already been opened up in the text now come in for detailed scrutiny under the heading "The Fetishism of the Commodity and Its Secret" (163). Throughout the rest of *Capital*, as we will see, the concept of fetishism emerges again and again (more often tacitly rather than explicitly) as a essential tool for unraveling the mysteries of capitalist political economy. I consider the concept of fetishism, therefore, as fundamental to the political economy as well as to Marx's wider argument. In effect, it conjoins the two at the hip.

The analysis proceeds in two steps. First, he identifies how fetishism arises and works as a fundamental and inevitable aspect of political-economic life under capitalism. Second, he examines how this fetishism is misleadingly represented in bourgeois thought in general and classical political economy in particular.

Commodities, he begins by observing, "abound in metaphysical subtleties and theological niceties":

> The mysterious character of the commodity-form consists . . . simply in the fact that the commodity reflects the social characteristics of men's own labour as objective characteristics of the products of labour themselves, as the socio-natural properties of these things. (164–5)

The problem is that "the commodity-form, and the value-relation of the products of labour within which it appears, have absolutely no connection with the physical nature of the commodity and the material . . . relations arising out of this." Our sensuous experience of the commodity as use-value has nothing to do with its value. Commodities are, therefore, "sensuous things which are at the same time supra-sensible or social." The result is that a "definite social relation between men themselves . . . assumes here, for them, the fantastic form of a relation between things." And it is this condition that defines "the fetishism which attaches itself to the products of labour as soon as they are produced as commodities." This fetishism is "inseparable from the production of commodities" (165).

This is so, he says, because "the producers do not come into social contact until they exchange the products of their labour," so that they only come to know "the specific social characteristics of their private labour" in the act of market exchange. In other words, they don't and can't know what the value of their commodity is until they take it to the market and successfully exchange it. "To the producers, therefore, the social relations between their private labours appear as what they are"—note please especially the important phrase, *appear as what they are*—"i.e. they do not appear as direct social relations between persons in their work, but rather as material . . . relations between persons and social relations between things" (165–6).

So what's going on here? You go into a supermarket and you want to buy a head of lettuce. In order to buy the lettuce, you have to put down a certain sum of money. The material relation between the money and the lettuce expresses a social relation because the price—the "how much"—is socially determined, and the price is a monetary representation of value. Hidden within this market exchange of things is a relation between you, the consumer, and the direct producers—those who labored to produce the lettuce. Not only do you not have to know anything about that labor or the laborers who congealed value in the lettuce in order to buy it; in highly complicated systems of exchange it is *impossible* to know anything about the labor or the laborers, which is why fetishism is inevitable in the world market. The end result is that our social relation to the laboring activities of others is disguised in the relationships between things. You cannot, for example, figure out in the supermarket whether the lettuce has been produced by happy laborers, miserable laborers, slave laborers, wage laborers or some self-employed peasant. The lettuces are mute, as it were, as to how they were produced and who produced them.

Why is this important? When I taught introductory geography classes at Johns Hopkins, I always started off by asking students where their breakfast came from. And they'd say, "Oh, I bought stuff at the deli." But when I asked them to think back further than that, they found themselves consider a whole incredible world of laboring in radically different geographical environments and under radically different social conditions that they knew nothing about and could know nothing about from staring at their breakfast ingredients or going into the deli. The bread, the sugar, the coffee, the milk; the cups, knives and forks, toasters and plastic plates—to say nothing of the machinery and equipment needed to produce all these things—linked them to millions of people laboring away all around the world. One of the tasks of geographical education is to impart something about the variety of socio-environmental conditions, spatial linkages and labor practices involved in every aspect of daily life, down to putting breakfast on the table every day.

The students did sometimes seem to think I was trying to guilt-trip them for not paying more mind to those poor sugar-cane cutters in the Dominican Republic who earned next to nothing. When it got to that stage they would sometimes declare "Sir, I didn't have breakfast this morning!" To that I would characteristically reply that they might want to do without lunch, dinner, and supper too for a week or so just to learn the truth of the basic Marxian maxim that we have to eat in order to live.

Issues of this kind do raise moral questions. There are those who, for various reasons, propose all manner of codes of moral conduct in interpersonal relations, but who then face the dilemma of whether or how to extend that moral code into the world of commodity exchanges in the world market. It is all very well to insist on "good" face-to-face relations and to be helpful to one's neighbor, but what is the point of that if we are totally indifferent to all those whom we do not know and can never know, but who play a vital role in providing us with our daily bread? These issues are sometime brought to our attention: by the "fair trade" movement, for example, which tries to articulate a moral standard for the world of commodity exchange, and the anti-poverty movement, which seeks to mobilize charitable contributions for distant others. But even these usually fail to challenge the social relations that produce and sustain the conditions of global inequality: wealth for the charitable donors and poverty for everyone else.

Marx's point is not, however, about the moral implications. His concern is to show how the market system and the money-forms disguise real social relations through the exchange of things. He is not saying that this disguise, which he calls "fetishism" (165) (and please note that Marx's use of this term is technical and quite different from other common usages), is a mere illusion, that it is a made-up construction that can be dismantled if only we care to try. No, in fact, what you see is the lettuce, what you see is your money, you see how much, and you make tangible decisions based on that information. This is the significance of the phrase "appear as what they are": it really is this way in the supermarket, and we can observe it so, even as it masks social relations.

This fetishism is an unavoidable condition of a capitalistic mode of production, and it has many implications. For example, people do not "bring the products of their labour into relation with each other as values because they see these objects merely as the material integuments of homogeneous human labour. The reverse is true: by equating their different products to each other in exchange as values, they equate their different kinds of labour as human labour" (166). Once again, we see that values arise out of exchange processes even as exchange relations increasingly converge to express value as socially necessary labor-time. But the producers

> do this without being aware of it. Value, therefore, does not have its description branded on its forehead; it rather transforms every product of labor into a social hieroglyphic. Later on, men try to decipher the hieroglyphic, to get behind the secret of their own social product: for the characteristic which objects of utility have of being values is as much men's social product as is their language. (166–7)

The dialectical relation between value formation and exchange and the immaterial, "phantom" qualities of value as a social relation could not be more starkly portrayed.

But how is this dialectic to be replicated in thought? Many of the political economists got it (and still get it) wrong, says Marx, because they look at prices in the supermarkets and think that's all there is, and that is the only material evidence they need to construct their theories. They simply examine the relationship between supply and demand and associated price movements. Others, more perceptive, came to "the belated scientific discovery that the products of labor, in so far as they are values, are merely the material expressions of the human labor expended to produce them." This "marks an epoch in the history of mankind's development" (167). Classical political economy did gradually converge on some idea of value that lay behind the fluctuations of the market (often referred to as "natural prices") and it recognized that human labor had something to do with it.

But classical political economy failed to understand the gap between the immateriality of values as "congealed" socially necessary labor-time and their representation as money and therefore also failed to understand the role that the proliferation of exchange played in consolidating the value form as something historically specific to capitalism. It assumed that values were a self-evident and universal truth, failing to see that

> the value character of the products of labour becomes firmly established only when they act as magnitudes of value. These magnitudes vary continually, independently of the will, foreknowledge and actions of the exchangers. Their own movement within society has for them the form of a movement made by things, and these things, far from being under their control, in fact control them. (167–8)

Thus Marx begins his attack on the liberal concept of freedom. The freedom of the market is not freedom at all. It is a fetishistic illusion. Under capitalism, individuals surrender to the discipline of abstract forces (such as the hidden hand of the market made much of by Adam Smith) that effectively govern their relations and choices. I can make something beautiful and take it to market, but if I don't manage to exchange it then it has no value. Furthermore, I won't have enough money to buy commodities to live. Market forces, which none of us individually control, regulate us. And part of what Marx wants to do in *Capital* is talk about this regulatory power that occurs even "in the midst of the accidental and ever-fluctuating exchange relations between the products." Supply and demand fluctuations generate price fluctuations around some norm but cannot explain why a pair of shoes on average trades for four shirts. Within all the confusions of the marketplace, "the labour-time socially necessary to produce [commodities] asserts itself as a regulative law of nature. In the same way, the law of gravity asserts itself when a person's house collapses on top of him" (168). This parallel between gravity and value is interesting: both are relations and not things, and both have to be conceptualized as immaterial but objective.

This then leads Marx directly into a critique of how bourgeois modes of thought have evolved in relationship to the proliferation of exchange relations and the rise of the money-form:

> Reflection on the forms of human life, hence also scientific analysis of those forms, takes a course directly opposite to their real development... Consequently, it was solely the analysis of the prices of commodities which led to the determination of the magnitude of value, and solely the common expression of all commodities in money which led to the establishment of their character as values. It is however precisely this finished form of the world of commodities—the money form—which conceals the social character of private labour and the social relations between the individual workers, by making those relations appear as relations between material objects, instead of revealing them plainly. (168–9)

This failure of vision on the part of the classical political economists is epitomized in the way so many of them embraced Daniel Defoe's *Robinson Crusoe* as a model for a perfect market economy arising out of a state of nature: Robinson, all on his own, marooned on an island, logically constructs a way of life appropriate to dwelling in a state of nature and step by step reconstitutes the logic of a market economy. But as Marx amusedly points out, Robinson, besides supposedly learning from experience, had also conveniently "saved a watch, ledger, ink and pen from the shipwreck," and immediately began, "like a good Englishman, to keep a set of books" (169–70). In other words, Robinson carried with him to the island the mental conceptions of the world appropriate to a market economy and then went on to construct a relation to nature in that image. The political economists perversely used the story to naturalize the practices of an emergent bourgeoisie.

I have long thought that the political economists selected the wrong Defoe story. *Moll Flanders* is a far better model for how commodity production and circulation work. Moll behaves like the quintessential commodity for sale. She is constantly speculating on the desires of others, and others are constantly speculating on her desires (the great moment occurs when, effectively broke, she spends every last penny on hiring a grand outfit including coach and horses and appropriate jewelry to go to a ball where she enamors a young nobleman and elopes with him that night, only to find out the next morning that he is broke too, at which point they both see the humor of it all and amicably part ways). She travels the world (even goes to colonial Virginia), spends time in debtors' prison; her fortune fluctuates up and down. She circulates like a monetary object in a sea of commodity exchanges. *Moll Flanders* is a much better analogy for the way capitalism, particularly the speculative Wall Street variety, really works.

Plainly, the classical political economists preferred the Robinson Crusoe myth because it naturalized capitalism. But as Marx insists, capitalism is a historical construct, not a natural object. "The categories of bourgeois economics" are merely "forms of thought which are socially valid, and therefore objective, for the relations of production belonging to this historically determined mode of social production." A look at this history indicates the limitations of the supposed universal truths of bourgeois theory. "Let us now transport ourselves from Robinson's island, bathed in light, to medieval Europe, shrouded in darkness." While it may be "shrouded in darkness" the social relations are obvious. Under the *corvée* system, Marx points out, "every serf knows that what he expends in the service of his lord is a specific quantity of his own personal labour-power"; feudal subjects were very aware that "the social relations between individuals in the performance of their labour appear at all events as their own personal relations, and are not disguised as social relations between things, between the products of labour" (169–70). The same is true of a patriarchal rural industry of a peasant family: the social relations are transparent, you can see who is doing what and for whom.

Such historical comparisons, along with the analysis of fetishism, allow us to see the contingent, as opposed to the universal, nature of the truths laid out in bourgeois political economy. "The whole mystery of commodities, all the magic and necromancy that surrounds the products of labour on the basis of commodity production, vanishes therefore as soon as we come to other forms of production" (169). We can even finally imagine social relations organized as "an association of free men," i.e., a socialist world in which "the social relations of the individual producers, both towards their labour and the products of their labour, are . . . transparent in their simplicity, in production as well as in distribution" (171–2). By invoking the idea of association, Marx echoes much of French utopian socialist thought in the 1830s and 1840s (Proudhon, in particular, though Marx refrains from acknowledging so). His hope is that we might advance beyond the fetishism of commodities and try to establish, through associative forms, a different way of relating. Whether that is practical or not is a key question for any reader of Marx to consider; but here is one of the rare moments in *Capital* where we glimpse Marx's vision of a socialist future.

The fetishism of the market generates a good deal of ideological baggage around it. Marx comments, for example, on the way in which Protestantism is the most fitting form of religion for capitalism. He argues that our forms of thought—not just those of the political economists—reflect the fetish of their times; but this is a general tendency. His remarks on religion and its relation to political economic life are significant:

> Political economy has indeed analysed value and its magnitude, however incompletely, and has uncovered the content concealed within these forms. But it has never once asked the question why this content has assumed that particular form, that is to say, why labour is expressed in value, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product. These formulas, which bear the unmistakable stamp of belonging to a social formation in which the process of production has mastery over man, instead of the opposite, appear to political economists' bourgeois consciousness to be as much a self-evident and nature-imposed necessity as productive labour itself. (173–5)

To this, Marx adds a lengthy and important footnote:

> The value-form of the product of labour is the most abstract, but also the most universal form of the bourgeois mode of production; by that fact it stamps the bourgeois mode of production as a particular kind of social production of a historical and transitory character. If then we make the mistake of treating it as the eternal natural form of social production, we necessarily overlook the specificity of the value-form, and consequently of the commodity-form together with its further developments, the money form, the capital form, etc. (174, n. 34)

You will err, he is suggesting, if you naturalize the value-form under capitalism, because it is then difficult, if not impossible, to conceive of alternatives.

This is what the bourgeois political economists have done: they have treated value as a fact of nature, not a social construction arising out of a particular mode of production. What Marx is interested in is a revolutionary transformation of society, and that means an overthrow of the capitalist value-form, the construction of an alternative value-structure, an alternative value-system that does not have the specific character of that achieved under capitalism. I cannot overemphasize this point, because the value theory in Marx is frequently interpreted as a universal norm with which we should comply. I have lost count of the number of times I have heard people complain that the problem with Marx is that he believes the only valid notion of value derives from labor inputs. It is not that at all; it is a historical social product. The problem, therefore, for socialist, communist, revolutionary, anarchist or whatever, is to find an alternative value-form that will work in terms of the social reproduction of society in a different image. By introducing the concept of fetishism, Marx shows how the naturalized value of classical political economy dictates a norm; we foreclose on revolutionary possibilities if we blindly follow that norm and replicate commodity fetishism. Our task is to question it.

Capitalism has no way of registering intrinsic, "natural" values in its calculus. "Since exchange-value is a definite social manner of expressing the labour bestowed on a thing, it can have no more natural content than has, for example, the rate of exchange"; it is illusory to believe, for example, that "ground rents grow out of the soil, not out of society" (176).

Bourgeois political economy looks at the surface appearance. Insofar as it had a labor theory of value, it never probed deeply into its meaning or the historical circumstances of its emergence. This leaves us with the task of getting beyond the fetishism, not by treating it as an illusion, but by addressing its objective reality (164–5, 176–7). One response is to take the "fair trade" path. Another is to devise a scientific path, a critical theory: a mode of investigation and inquiry that can uncover the deep structure of capitalism and suggest alternative value systems based on radically different kinds of social and material relations.

The two options are not mutually exclusive. A politics that deals with the conditions of labor on a global basis, developing into, say, an anti-sweatshop movement, can easily lead into the much deeper theoretical territory that Marx charts in *Capital* precisely because the surface appearance, while fetishistic, always indicates an objective reality. I recall, for example, when the students at Johns Hopkins put on a fashion show, featuring clothing from Liz Claiborne and the Gap, with a side commentary on both the items of clothing and the conditions of labor associated with their production. This was an effective way to talk about the fetishism and raise awareness with respect to global conditions, while suggesting the importance of doing something about it.

Marx's mission in *Capital*, though, is to define a science beyond the immediate fetishism without denying its reality. He has already laid a lot of the groundwork for this in the critique of bourgeois political economy. He has also already revealed the extent to which we are governed in what we do by the abstract forces of the market and how we are perpetually at risk of being ruled by fetishistic constructs that blind us to what is actually happening. To what degree can you say that this is a free society characterized by true individual liberty? The illusions of a liberal utopian order, in Marx's view, have to be debunked for what they are: a replication of that fetishism that displaces social relations between people into material relations between people and social relations between things.

CHAPTER 2: THE PROCESS OF EXCHANGE

Chapter 2 is not only shorter but easier to follow. Marx's purpose is to define the socially necessary conditions of capitalist commodity exchange and to create a firmer foundation for the consideration of the money-form that is to follow in chapter 3.

Since commodities do not themselves go to market, we need first to define the operative relationship between commodities and those who take them there. Marx imagines a society in which "the guardians" of commodities "recognize each other as owners of private property. This juridical relation, whose form is the contract, whether as part of a developed legal system or not, is a mirror between two wills which mirrors the economic relation . . . Here the persons exist for one another"—note the echo of the fetishism argument—not as people, but "as representatives and hence owners, of commodities." This leads him to make a broader point. Throughout *Capital*, "the characters who appear on the economic stage are merely personifications of economic relations," and it is "as the bearers"—please note the recurrence of this term—"of these economic relations that they come into contact with each other" (178–9). Marx is concerned with the economic roles that people play, rather than with the individuals who play them. So he will examine relations between buyers and sellers, debtors and creditors, capitalists and laborers. Throughout *Capital*, in fact, the focus will be on roles rather than persons, recognizing that individuals can and do often occupy several different roles, even deeply contradictory positions (as when, in our time, a worker has a pension fund invested in the stock market). This focus on roles rather than individuals is as perfectly legitimate as if we were analyzing the relations between drivers and pedestrians in the streets of Manhattan: most of us have taken on both roles and adapt our behaviors accordingly.

The roles in a capitalist mode of production are strictly defined. Individuals are juridical subjects who have private-property ownership of the commodity they wield, and they trade it under non-coercive, contractual conditions. There is reciprocal respect for the juridical rights of others; the principled equivalence of market exchanges that Aristotle noted is an honored virtue. What Marx describes here is the conventional political and legal framework for properly functioning markets as envisaged in liberal theory. In this world, a commodity is "a born leveller and cynic," because it "is always ready to exchange not only soul, but body, with each and every other commodity." The owner is willing to dispose of it, and the buyer wants to take it: "All commodities are non-use-values for their owners and use-values for their non-owners. Consequently, they must all change hands," but "only the act of exchange can prove whether that labour is useful for others, and its product consequently capable of satisfying the needs of others" (179–80).

This argument as to the socially necessary institutional and legal structure required for capitalism to work is historically specific. Failure to recognize the historical specificity of the bourgeois conception of rights and duties leads to serious errors. It is for this reason that Marx registers, in a lengthy footnote, a vigorous indictment of the anarchist Proudhon,

> who creates his idea of justice, of 'justice éternelle', from the juridical relations that correspond to the production of commodities: he thereby proves, to the consolation of all good petty bourgeois, that the production of commodities is a form as eternal as justice. Then he turns round and seeks to reform the actual production of commodities, and the corresponding legal system, in accordance with this ideal. (178, n. 2)

Proudhon in effect took the specifics of bourgeois legal and economic relations and treated them as universal and foundational for the development of an alternative, socially just economic system. From Marx's standpoint, this is no alternative at all since it merely re-inscribes bourgeois conceptions of value in a supposedly new form of society. This problem is still with us, not only because of the contemporary anarchist revival of interest in Proudhon's ideas but also because of the rise of a more broad-based liberal human rights politics as a supposed antidote to the social and political ills of contemporary capitalism. Marx's critique of Proudhon is directly applicable to this contemporary politics. The UN Universal Declaration of Human Rights of 1948 is a foundational document for a bourgeois, market-based individualism and as such cannot provide a basis for a thoroughgoing critique of liberal or neoliberal capitalism. Whether it is politically useful to insist that the capitalist political order live up to its own foundational principles is one thing, but to imagine that this politics can lead to a radical displacement of a capitalist mode of production is, in Marx's view, a serious error.

What follows is a recapitulation—and Marx frequently reiterates earlier arguments in somewhat different language—of the way in which money "crystallizes out of the process of exchange" in an institutional environment of this sort. He echoes this theme when he describes money as "the historical broadening and deepening of the phenomenon of exchange" that "develops the opposition between use-value and value which is latent in the nature of the commodity":

> The need to give an external expression to this opposition for the purposes of commercial intercourse produces the drive towards an independent form of value, which finds neither rest nor peace until an independent form has been achieved by the differentiation of commodities into commodities and money. At the same rate, then, as the transformation of the products of labour into commodities is accomplished, one particular commodity is transformed into money. (181)

There is nothing here that we have not already seen in earlier sections, but now Marx expounds on what this economic relation between things implies for relations between people. This economy of market exchange, he says, implies that we are dealing with "the private owners" of "alienable things," and this in turn implies that we have "persons who are independent of each other." "Alienable" refers to the fact that "things are in themselves external to man," i.e., freely exchangeable. This means that the exchangers are free of any personal attachment or other bond to the things they own. It also implies social relationships "of reciprocal isolation and foreignness" that are unique to capitalism and a concomitant of juridical ownership of commodities (182).

Such conditions did not prevail in the "patriarchal family, an ancient Indian commune or an Inca State"; exchange processes had to break down these preceding social structures. This happens gradually, he suggests, as occasional trade between communities evolves to the point where "the constant repetition of exchange makes it a normal social process" (182):

> In the same proportion as exchange bursts its local bonds [note the implication of geographical expansion], and the value of commodities accordingly expands more and more into the material embodiments of human labour as such, in that proportion does the money-form become transferred to commodities which are by nature fitted to perform the social function of a universal equivalent. These commodities are the precious metals. (183)

This is, as I have already pointed out, a somewhat dubious historical argument about the dissolution of preexisting social forms in the face of increasing exchange relations and the rise of money-forms. But its logical content is important for demonstrating that what is socially necessary is "an adequate form of appearance of value," and that requirement is best satisfied by precious metals such as gold and silver by virtue of their natural qualities. But, as he earlier pointed out, this means that the money commodity internalizes a duality, because it is both a commodity in the ordinary sense of being a product of labor *and* it also "acquires a formal use-value, arising out of its specific social function." In this formal social function, "the money-form is merely the reflection thrown upon a single commodity by the relations between all other commodities" (183).

Furthermore, in this role it is perfectly possible to replace the money commodity "by mere symbols of itself." This capacity for replacement is not surprising, however, given that "every commodity is a symbol, since, as value, it is only the material shell of the human labour expended on it" (185–6). Marx here opens up the possibility to incorporate many aspects of what is now often referred to as "the symbolic economy" directly into his analysis. He does not attempt to do so, and it would undoubtedly require modifications to the mode of presentation, but I think it important to note that the symbolic aspects of how capitalism works are not external to his argument. Those who argue that capitalism is different now because of the degree to which symbolic capital and the symbolic economy have come to the fore, and that capitalism has consequently changed its spots, should mark well that this is not necessarily so.

The danger lies in treating these symbolic qualities, which are very important, as purely imaginary or as "the arbitrary product of human reflection." What Marx is driving at here is that even the money commodity cannot realize its specific value without exchanging with all other commodities as equivalents, even as it postures as the universal equivalent for all other commodities. "The difficulty," he says, "lies not in comprehending that money is a commodity, but in discovering how, why and by what means a commodity becomes money" (186):

> What *appears* to happen is not that a particular commodity becomes money because all other commodities universally express their values in it, but, on the contrary, that all other commodities universally express their values in a particular commodity because it is money. (187, emphasis added)

In other words, once money exists, then commodities find a means of measuring their value easily to hand as if the gold drawn "from the bowels of the earth" is "the direct incarnation of human labour." This, he declares, is "the magic of money" that needs to be unpacked. "The riddle of the money fetish is therefore the riddle of the commodity fetish, now become visible and dazzling to our eyes" (187).

But there is one other vital point to this chapter. With the "magic" and "fetish" of money firmly in place,

> men are henceforth related to each other in their social process of production in a purely atomistic way. Their own relations of production therefore assume a material shape which is independent of their control and their conscious individual action. (187)

This sounds suspiciously like a tacit invocation of Adam Smith's vision of a perfectly functioning market whose hidden hand guides individual decisions. No individual is in command and everyone has to function according to what Marx later calls "the coercive laws of competition" (433).

In Smith's ideal world, the state would create the institutional framework for perfectly functioning markets and private property and then watch the wealth of the state and the welfare of the citizenry rapidly improve as individual initiative and entrepreneurialism coordinated through the hidden hand of the market would produce a result that was beneficial to all. In such a world, Smith thought, the intentions and motivations of individuals (varying from greed to social mission) did not matter, because the hidden hand of the market would do the work.

This chapter poses a conundrum. On the one hand, Marx devotes a footnote to condemning Proudhon's acceptance of bourgeois notions of rights and legality as providing absolutely no leverage in the construction of a revolutionary alternative. Yet in the main text of the chapter, Marx has seemingly accepted the liberal theory of property ownership, the reciprocity and equivalence of noncoercive market exchange between juridical individuals and even the hidden hand of the market as proposed by Adam Smith. How are we to reconcile this seeming contradiction? I think the answer is simple enough, but the answer does have important ramifications for how we read the rest of *Capital*.

Marx is engaged in a critique of classical liberal political economy. He therefore finds it necessary to accept the theses of liberalism (and, by extension to our own times, neoliberalism) in order to show that the classical political economists were profoundly wrong even in their own terms. So rather than saying that perfectly functioning markets and the hidden hand can never be constructed and that the marketplace is always distorted by political power, he accepts the liberal utopian vision of perfect markets and the hidden hand in order to show that these would not produce a result beneficial to all, but would instead make the capitalist class incredibly wealthy while relatively impoverishing the workers and everyone else.

This translates into a hypothesis about actually existing capitalism: that the more it is structured and organized according to this utopian liberal or neoliberal vision, the greater the class inequalities. And there is, it goes without saying, plenty of evidence to support the view that the rhetoric of free markets and free trade and their supposed universal benefits to which we have been subjected these past thirty years have produced exactly the result that Marx would expect: a massive concentration of wealth and power at one end of the social scale opposite the proliferating impoverishment of everyone else. But in order to prove that point, Marx has to accept the institutional foundations of liberal utopianism, and that is precisely what he does in this chapter.

This raises an important caveat into how we have to read *Capital*. We have to be careful to distinguish between when Marx is talking about and critiquing the liberal utopian vision in its perfected state, and when he is attempting to dissect actually existing capitalism with all of its market imperfections, power imbalances and institutional flaws. As we will see, these two missions sometimes confound each other. Some of the muddles of interpretation come from this confounding. So I will try in what follows to indicate when he is doing what and to pinpoint those moments of confusion that occasionally arise, including those in Marx's own analysis, when his desire to accomplish one objective—the critique of classical political economy—gets in the way of the additional task of understanding the actual dynamics of a capitalist mode of production.

For the most part, though, Marx has an ingenious way of using the theoretical critique of liberal utopianism in its various political-economic guises to shed devastating critical light on the actually existing capitalism of his own day. And this is fortunate for us, living in a world where the theses of neoliberalism echo and, in some respects, deepen those of liberalism, because Marx's critique of free markets and free trade can shed as much devastating light on our own actually existing capitalism as it did for the capitalism of Marx's own time and place.