

Grasping Reality with Both Hands

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Introducing Serious, Permanent Bugs into Your Wetware

Voluntarily introducing serious, permanent bugs into your wetware...

A [previous post](#) contained links to how you could temporarily misprogram part of your wetware--your visual cortex--for amusement.

Here we find Michael Fitzgerald, a man who has seriously misprogrammed substantial chunks of his frontal lobes by reading Karl Marx's *Capital*--something that, I am becoming convinced, should only be done by somebody with immunity to the mental virus--by a trained intellectual or social or economic historian, or by a trained *neoclassical* economist.

Jeff Weintraub quotes Michael Fitzpatrick's favorable review of Francis Wheen's "biography" of Karl Marx's *Das Kapital*:

Jeff Weintraub: Francis Wheen's "Biography" of Marx's Das Kapital: Capital: I first read *Capital* when I was a student in the mid-Seventies. The onset of recession and an upsurge of trade union militancy... a wave of interest in Marxism and the Marxist theory of capitalist crisis.... I fell in with a small group of people who repudiated... facile arguments and the philistine approach towards theory....

[I]nstead of merely spouting Marxist slogans it was necessary to embark on a deeper study of Marx. So we read *Capital*. When I say we read *Capital*, I mean we read Capital, in a group, out loud, line by line, paragraph by paragraph (at least in the early chapters), discussing and arguing over every page, through volumes one, two and three, even unto *Theories of Surplus Value*....

In retrospect, this approach sounds rather like that of students of the *Bible*, the *Talmud* or the *Koran*, but this was not a process of rote-learning, rather one of active collective engagement with the most important attempt to capture the process of capitalist development in theory. I have never read any other book in this way, but, as Wheen observes, *Capital* is unique....

[R]eading Capital is not easy.... Marx's dialectical method.... Marx does not present a theory of capitalist crisis as such... process of reproduction of capitalist society in its totality. Capital analyses the dynamics of capitalist production and reveals the limitations of capitalism as a mode of production in its incapacity to develop consistently the productive potential of society and achieve social progress. Marx's dialectical method aims to depict in a theoretical form the development of a social system which is simultaneously a process of producing the material needs of society and a process for ensuring the profitable expansion of value.

Capital begins, famously, with the commodity, "the simplest social form in which the product of labour in capitalist society presents itself". Marx explores the twofold character of the commodity, as use-value and exchange-value, revealing in an elementary form the contradictory character of capitalist production.

This contradictory character... the money form.... The separation of economic processes into two phases--production and exchange--implies "the possibility, and no more than the possibility, of crises". However, "the conversion of this mere possibility into reality is the result of a long series of relations".... The law of value operates in capitalist society as the only possible, albeit indirect, mechanism through which social labour can be distributed. Hence under capitalism... social relations between people appear--and can only appear--as relations between things... market relations conceal the operation of the law of value, the money form conceals the social character of labour... human beings are dominated by the products of their own labour, objects are endowed with supernatural qualities... money acquires divine power... this "fetishism of commodities" meant that it could only be abolished through a fundamental reorganisation of society: "[T]he life process of material production does not strip off its mystical veil until it is treated as production by freely associated men and is consciously regulated by them in accordance with a settled plan."...

Reading *Capital* provided an invaluable methodological training as we engaged in the campaigns of the late Seventies and the Eighties, seeking to give organisational expression to an anti-capitalist outlook. Having gone back to Marx, we were able to move forward to attempt to grasp new developments in capitalist society through discovering the mediating links between appearances and the inner movement of capital, in the process developing the basic elements of an anti-capitalist programme...

Where does one begin? Let me make two observations only:

First, I observe that the idea that the best way to understand the political economy of the 1970s is through intensive, group, line-by-line study of an unfinished, inconsistent, and ambiguous text first drafted in the 1850s by a very smart, sometimes far-sighted, but definitely not divine human being--that that idea is already a delusion peculiar to those who were a little too good in school in seeking truths from reading books rather than seeking truths from facts.

Second, I observe that Marx's claim that the "twofold character of the commodity, as use-value and exchange-value," is a difficulty in need of "exploration" is a claim that can only be made by a deranged Hegelian mystic. Consider the following thought experiment:

Suppose that at my left hand I had a fresh-cooked hard-shell lobster and a lobster cracker. The lobster cracker would have a *lot* of use value to me right now: If I didn't have one, then half an hour from now my hands would be bleeding and cut--something I would rather avoid. I would be glad that I had it. But the lobster cracker would have little exchange-value: nobody nearby would exchange for it, would trade for it, anything I would particularly need or want.

Suppose that at my right hand I had a financial portfolio long the shares of residential construction companies, and short mortgage-backed securities. At the moment share of residential construction companies are low, but mortgage default premia are also low. If the shares of residential construction companies are fairly priced, than housing construction and housing prices are in free-fall, defaults on mortgages will rise, and the prices on mortgage-backed securities will fall as well--producing profits on the short position. If mortgage-backed securities are fairly priced, then defaults on mortgages will stay low and housing prices and construction will stay healthy, in which case shares of residential construction companies are underpriced--and there are profits to be expected from the long position. Such a portfolio would have no use-value at all. But it could well--if one could get the hedge ratios right--turn out to have a mighty exchange value, in the sense that other people would be willing to exchange for it, to trade for it, a lot of things I would like to have.

What's the mystery here? What's in need of "exploration"? Things are useful for two reasons (A) Because their physical nature is such that you find them directly useful--that's use value. (b) Because we live in a society in which other people will trade you things for them, things that you can use--that's exchange value. This is not hard to grasp. This is not particularly subtle.

Fitzgerald says that Marx's analysis of use-value and exchange-value "reveal[s] in an elementary form the contradictory character of capitalist production" which requires the abolition of private property and market exchange in order for the "mystical veil" of market prices to be stripped off "the life process of material production" and "production by freely associated men... consciously regulated by them in accordance with a settled plan." In what sense is this dual role of commodities a "contradiction"? Marx never offered me a coherent answer. And Fitzgerald does no better. How would eliminating markets and prices help resolve this "contradiction"? That was never explained either

Moreover, in Fitzgerald's phrase "the contradictory character of capitalist production," the adjective "capitalist" is incorrect. A moment's look back at history reveals that the distinction between use-value and exchange-value is not something invented by or peculiar to the capitalist mode of production: it is found in all human societies, no matter how large or small.

The cattle slaughtered and cooked by the thralls of Hrothgar, King of the Geats, have use-value to Hrothgar: He and his family can eat (some of) them. The cattle have exchange-value to Hrothgar as well: He feeds them to his warriors at their nightly banquets in his great hall of Heorot. In exchange for livery and maintenance, the warriors fight Hrothgar's wars. Success in war gains Hrothgar more thralls, more cattle, and a bigger and better reputation as a great Drihten.

If you try to ground an analysis of capitalism-in-particular on a feature (the distinction between objects' direct usefulness and their role in social processes of reciprocity, redistribution, or market exchange) that capitalism shares with every other human social system--well, you won't get anywhere. And those who read *Capital* "in a group, out loud, line by line, paragraph by paragraph... discussing and arguing over every page, through volumes one, two and three, even unto *Theories of Surplus Value*" don't get anywhere at all.

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