RANDOM NOTES ON MARXIAN THEORY OF VALUE

1. Generalisation. The word "value" can be construed in various senses — philosophical, historical, ethical, economic, etc. For instance, one can speak of "the **value** of wisdom" or of "the **value** of the revolution" or of the **value** of friendship" or "the **value** of a commodity," and so on.

The Marxian category "value" is specifically an economic designation and alludes solely to Economic Science — or Political Economy (the former name for Economics.) Thus Marx's theory of value is an economic theory, not a philosophical, ethical theory. It is furthermore to be noted that Marx repudiated a widely prevailing notion (held even by economists) that identifies the value of a commodity with its price—that, in fact, sees the value of an article as nothing but the sum of money given in exchange for the article. This referred-to-widely-held erroneous viewpoint can be expressed in statements taken at random — say, "I have received value for money" or "the value of this article is two shillings." Commonplace assertions such as these are meant to convey that the price paid for the article is **not** in excess of the price that should have been paid for the article. This so-to-speak "should have been paid price" is conceived as the actual, true value of the commodity. It is, moreover, to be noted that Marx's economic categorisation on **value** is but a designation from Classical Political Economy (Smith, Ricardo, etc.) which he, through his analysis, has but more fully illuminated and elaborated. One cannot refer to it as a phantasmagoria of Marx's brain. (We shall here reconcile an intellectual difficulty that arises from the general meaning of the word "value.") We ask, has Marx's economic theory of value **nothing whatever** to do with the word "value" as understood in popular parlance? Is Marx's term "value" a term which means something **totally** different to what language conveys, i.e., may not the term chosen to express the Marxian concept just as well have been say, strawberries or radiation? The answer is that Marx does not play with language or invent a language of his own but considers the already existing German language as understood fully adequate to convey his concepts. The term "value" — (Wert, in German) implies a treasurable estimation or as Webster's dictionary puts it, "degree of excellence." Thus, although Marx's interpretation of the economic concept **value** is at variance with the erroneously held interpretation, i. e., some considering **value** to be **price** and others regarding it as utility or use-value — it is a fact, none-the-less, that the word **"value"** signifies for Marx, too, "a measurable estimation" or degree of excellence, as it does for his opponents (and indeed as it does in all spheres of thought). The difference between Marx and the "Vulgar Economists" is that he **treasurably estimates** the value of a commodty as the socially necessary labour therein embodied, whereas they "measurably estimate" or consider, the value of a commodity as consisting, possibly, of its inherent utility, or still worse in thought — of a completely different substance — the mouey exchange or price. But, be it noted and stressed, that both Marx and his opponents are at one on the issue that a commodity has a value (can be treasurably esteemed etc.), even though they disagree concerning the **essence** of that value. Thus Marx is not in conflict with "formal logic" but his merit lies in his going beyond that — in his dialectic, which reveals the true essence whereas the "Vulgar Economists," correct superficially — in formal logic, are in a maze, in a deadlock beneath the exterior.

By **value** of a commodity in the Marxian sense is to be understood that quality contained in a commodity, which dominates or determines the exchange value.

"Therefore the common substance that manifests itself in the exchange-value of commodities, whenever they are exchanged, is their value."

(Marx, Capital, Volume 1)

But what is this **value** of the commodity? What does value consist of, or what is the essence of value in a commodity?

"If we consider commodities as value, we consider them as exclusively under the single aspect of realised, fixed, or if you like, crystallised social labour."

(Marx, Capital, Volume 1)

The **value** of a commodity is thus the amount of socially necessary labour contained within it: magnitude of value is computed by time. Socially necessary labour is a multiple of general, unskilled, average labour (skilled labour a multiple of unskilled): can be construed in a twofold or possibly threefold manner: —

(a) as a multiple of individual man-hours of labour, (b) as a multiple of an average collectivity of man-hours of labour, that, for example, in a particular average capitalist factory, or (c) as a collectivity of the total social hours of labour embodied in products.

"For value is only another expression for labour that expression, namely, by which is designated in our capitalist society of today, the amount of socially necessary labour embodied in a particular commodity."

(Preface to Wage-Labour and Capital)

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2. By "price" is meant that which is commonly understood as "price," viz., the sum of money given in exchange for a commodity. Money is the general medium of circulation — the money currencies being dollars and cents; pounds and shillings; marks, rubles etc. In Marx's day gold coins generally circulated as money currency: it was apparent then that money consisted of gold (pure) — although even in Marx's day paper money for ten pounds, fifty pounds etc. circulated as tokens of amounts of gold. This latter is what it amounts to today, with the almost universally prevalent paper money circulation. And token money consists of the silver and copper coins, too, which are now (with gold as the universal money) computed as specific fraction of gold (i.e., not now in terms of their own intrinsic value — the socially necessary labour embodied in them). The value of gold is determined by the socially necessary labour necessary for its production. If, then, we say, for example, "the price of this jacket (£10 or $28) is equal to the value of the jacket," we are saying in effect that the $28 commodity (the jacket) contains a certain amount of socially necessary labour and is exchanged for a sum of gold (expressed by the state token £10 or $28) which contains an equivalent amount of socially necessary labour... This much is sufficient for our theoretical discussion on value.

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3. The **Law of Value** is the law which regulates the exchange-values (or prices, which are monetary exchange-values) of commodities by the latter's values: it is the force which dominates the average prices of wares. In an approximate operation to exactness this law has been functioning for thousands of years, in the sense (a) that the total prices of commodities has always been dominated by the total value and on average has co-incided with it, (b) that the price of an individual commodity has on an average co-incided with that commodity's value, being directly determined by it, (c) that the general movement of the values (i.e., rise and fall through increase or reduction of labour-time) has caused a general rise or fall in prices... A certain modification occurs within capitalist society. The (a) and the (c) still have validity but (b) undergoes variation, since now (i.e., with capitalism) the average individual price of a commodity will no longer co-incide with its value (i.e., the retail price: the wholesale price or merchant's price never co-incides with the value in the nature of things). The individual price (i.e. retail price) is still