

# Marx and the “Labor Theory of Value” - Postliterate - Medium

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The first thing that should be said about Marx’s theory of value is that it is *not* a “labor theory of value.” Marx never once used the term self-descriptively, referring only sparsely to a “theory of value.” → <https://www.marxists.org/archive/marx/works/1881/01/wagner.htm>

The “labor theory of value,” instead, features much more prominently in the writings of Adam Smith or David Ricardo, the major classical political economists. Smith believed that the quantity of labor utilized in the production of a good directly determined the value of that good, writing in *The Wealth of Nations*:

“It is natural that what is usually the produce of two days’ or two hours’ labour, should be worth double of what is usually the produce of one day’s or one hour’s labour...” (pg. 150, Penguin Edition)

When Smith writes that “*it is natural,*” he means that goods in a market are subjectively valued more by individual economic actors when more average labor-time was used to produce the good. This is the basis of a substantialist theory of value, whereby the products of labor acquire an objective quality constituted by total contributed labor for that product. This

objective quality in goods is taken up by economic actors who will naturally value the good so, and who will then exchange it for other goods based on this principle.

Arguably, Marx's critique of the nature of products of labor on a market (commodities), centers around a critique of this particular idea. This critique also begins Marx's masterwork, *Capital*. To understand the perspective of Marx's theory of value, we must understand Marx's critique of this particular form of value both as an idea and as a material reality.

## Basis of the Critique

Marx begins his critique with the assumption that a capitalist market requires human labor, writing in a letter to Ludwig Kugelmann → [https://wikirouge.net/texts/en/Letter to Ludwig Kugelmann, July 11, 1868](https://wikirouge.net/texts/en/Letter_to_Ludwig_Kugelmann,_July_11,_1868):

“Every child knows that any nation that stopped working, not for a year, but let us say, just for a few weeks, would perish.”

Marx also assumes that labor plays a directly crucial role in the production of commodities in a capitalist market:

“And every child knows, too, that the amounts of products corresponding to the differing amounts of needs demand differing and quantitatively determined amounts of society's aggregate labour.”

Of course, there are a few commodities which require no labor to be produced (“*virgin soil, natural meadows, &c.*”), but these are exceptions to a general rule and thus have exceptional explanations. Overall, Marx's assumptions are uncontroversial. As long as Marx is speaking about commodities which are the products of labor (which are the overwhelming majority), there is no need to “*prove the concept of value*” — it is self-evident.

For this reason, Marx is not concerned with how labor “creates value” in a capitalist society. Marx takes it as a given that any society requires labor for production of necessary goods and services — “*Natural laws cannot be abolished at all.*” Rather, Marx is concerned with the particular form of labor assumed in a capitalist society (“*The only thing that can change, under historically differing conditions, is the form in which those laws assert themselves.*”) The capitalist form of labor, as Marx analyzes, is a “twofold” form. In *Capital*, the discovery of this “twofold” form of labor is the first instance in the text where Marx states that he is describing something no economist had before:

“I was the first to point out and to examine critically this two-fold nature of the labour contained in commodities. As this point is the pivot on which a clear comprehension of political economy turns, we must go more into detail.” (*Sec. 2, Ch. 1, Pt. 1*)

Marx makes it clear in the second sentence how significant his discovery is, as up until that point in *Capital*, Marx was operating on already familiar categories in bourgeois political economy. It should be further noted on this point that Marx begins *Capital* by stating that capitalist wealth “*presents itself*” as “*an immense accumulation of commodities,*” implying that the initial category of the commodity, as it constitutes wealth, functions on the surface level of capitalism and not some inner quality which must be uncovered. It is thus the analysis of the *twofold nature of labor* that first constitutes a new revelation on the part of Marx — not the fact that a commodity exists or may require labor to be produced.

## Concrete Labor & The “Real Abstraction”

Labor in capitalist society acquires a twofold character: first as *concrete labor* and second as *abstract labor*. Concrete labor represents all of the many acts of labor that occur in society, skilled to unskilled. All of the labor we can see, touch, etc. is concrete labor.

However, when we must exchange products of labor for each other, these products must find a common element in each which allow them to be exchanged in proportions to each other. If this were not possible, exchange could not occur as exchanges of equal values at all.

The common element which is necessarily found here is *value*. In order for value to exist as a common substance between products of labor, it must abstract from all of the many forms of labor which were required for the production of those commodities — giving rise to the category of “abstract labor.” This abstraction of concrete labor is not comparable to the kinds of abstractions we make cognitively when we use abstract terms to generalize many different concrete things (such as terms in language like “tree” or “animal”), but is instead a *real* abstraction, manifesting *materially* in the process of exchange whether we acknowledge it cognitively or not.

This *real abstraction* cannot be transhistorical; feudal societies and archaic empires, for all of their vast wealth, did not employ labor en masse for the purpose of producing for exchange. Such production was the exception and not the rule, with most daily laboring existing for direct uses in ones community or surpluses for the ruling class to enjoy. In capitalism, even this surplus does not exist primarily for enjoyment by capitalists, but for reinvestment and expansion of commodity production. As such, the logic of exchange has unprecedented bounds in capitalist society.

## **Fetishism & “Spectral Objectivity”**

Commodities only have value insofar as they are exchanged for each other, and labor is objectified only in the process of each being made commensurate to one another. “Spectral objectivity” refers to the way in which value only constitutes itself in the process of exchange, that is, in relations *between* commodities. This value, unable to exist innately in any commodity alone, thus appears as a “specter.” Moreover, when these commodities eventually do come to possess value, they take a “transcendent” form to ordinary useful things, being embodiments of objectified labor.

This “transcendent” form is the way in which labor relates to itself in capitalist society. This is the theory of “commodity fetishism,” whereby individual labor relates to social labor through value in commodities.

“A commodity is therefore a mysterious thing, simply because in it the social character of men’s labour appears to them as an objective character stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour.” (*Sec. 4, Ch. 1, Pt. 1*)

Fetishism here is not a false consciousness which obscures the true nature of things; it *is* the true nature of things from the perspective of any economic actor within it.

Marx’s point, however, lies in demonstrating the treachery of such a social situation. Michael Heinrich writes in his *Introduction to the Three Volumes of Karl Marx’s Capital*:

“...[O]n the one hand it is clear that ‘value’ is not a natural property of things like weight or color, but on the other, for the people in a commodity-producing society, it seems as if things in a social context automatically possess ‘value’ and therefore automatically follow their own objective laws to which humans must submit. Under the conditions of commodity production, things take on a life of their own, for which Marx only finds a suitable comparison in the ‘misty realm of religion’: in religion, it is the products of the human mind that take on a life of their own, whereas in the world of commodities it is the ‘products of men’s hands’ that do so...” (*pg. 73, MR version*)

In short, the value which emerges in exchange becomes a form of social domination. David Harvey → <http://davidharvey.org/2018/03/marxs-refusal-of-the-labour-theory-of-value-by-david-harvey/#1> and Diane Elson → <http://digamo.free.fr/elson79.pdf> have, for these reasons, referred to Marx’s theory of value

as a “value theory of labor,” rather than a labor theory of value. Marx’s theory is better expressed not through the perspective of labor as it constitutes value, but through value as it constitutes labor. Labor, of course, concerns human beings, and their domination by the very products of their labor represents an almost comedic absurdity of capitalist relations, a cruel joke.

## Value as Substance, Utility, or Social Relation

Seeing as value in Marx’s view is conceived of only in the development of generalized exchange, Marx cannot be called a substantialist. The substance of value for Marx does not exist outside of the particular social relations of exchange, and generalized exchanged itself (capitalism) is for Marx only a historical epoch.

However, Marx is also not a marginalist. The marginalists, in viewing value as simply the result of personal and purely subjective valuations, fail to understand the *a priori* social structures which govern such valuations. In doing so, they imply that the way value is constituted now, in capitalist society, must be the natural way humans have always valued products of labor. Political economy here must then present itself as transhistorical and must ignore the particular material conditions from whence it emerged. This would not fly well with a man who famously stated → <https://www.marxists.org/archive/marx/works/1845/theses/theses.htm>: “*The philosophers have only interpreted the world, in various ways; **the point is to change it!***”

Thus, Marx’s theory of value exists in a sort of halfway between a theory of value as utility and as a social relation. Marx’s theory assumes a state in which humans exchange fervently, personally valuing x commodity over y commodity, with a commodity “*expressing its value relation to another commodity of a **different kind.***” What Marx is challenging is the social basis on which these exchanges can occur, analyzing a social relation produced by commodity exchange which serves as an almost unconscious basis for our value judgements (“*We are not aware of this, nevertheless we*

*do it.*”) Supply and demand curves, for example, can explain how much or how little people are willing to pay for a given commodity, but it never asks *how* or *why*.

In these ways (among many others), Marx’s project of “a critique of political economy” critiqued the presuppositions which justified the foundations of capitalist society and its political economy. It especially critiqued the presuppositions which allowed capitalism and political economy to appear as transhistorical and “natural,” rather than historically contingent and socially determined. In particular, Marx challenged the political economists’ assumption that people naturally “*truck, barter, and exchange,*” per Adam Smith. As Marx demonstrates, it is not nearly so simple nor natural.