



## MEASURING EXCHANGE-VALUE; EVALUATION OF THE RICARDIAN AND ARISTOTELICIAN TRADITIONS

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Exchange requires equality, equality requires commensurability. How can we measure two qualitatively different things? This question is at the heart of political economy which purpose has been traditionally to explain the establishment of a price system where everything will be exchanged at its value. Only with such standard can we explain distribution: who gets what and why? As Ricardo explains in the Preface of *Principles of Political Economy and Taxations*: "To determine the laws which regulate this distribution [between rent, profit and wages] is the principal problem of political economy". And the determination of exchange value is the key to solve that problem.

I will argue that there are two main and distinct traditions that confronted this problem: the Aristotelician and the Ricardian traditions. After identifying the main characteristics of each, I will show how we passed from one to the other in the XVIIth-XVIIIth century and why the Ricardian tradition brings us to a dead-end. We can identify the Aristotelician tradition with scholasticism and mercantilism while the Ricardian tradition rather identifies Classical political economy and Marx's critique of political economy. I will put in perspectives the different conceptions of justice and power that prevails in each traditions.

For Aristotle, [*Nicomachean Ethics*, Book V, Chapter 5], the unit to measure all goods is, in truth, *chreia* (need/demand) "which holds all things together". And Money, by convention, has become a sort of representative of *chreia* "and this is why it has the name 'money' (*nomisma*) - because it exists not by nature but by law (*nomos*)". As a measure, money makes goods commensurate and equates them; and "for neither would there have been association if there were not exchange, nor exchange if there were not equality, nor equality if there were not commensurability". But Aristotle adds that, in truth: "it is impossible that things differing so much should become commensurate". In truth, a house cannot be equated with beds. Such an equalisation can only be something foreign to their real nature, but equalization through demand can be sufficient for the practical need of exchange.

For Marx [*Kapital*, Vol.1, Chapter 1, Section 3.A.3], Aristotle's analysis is a failure since he did not identify any concept of value, any "common substance, which admits of the value of the beds being expressed by a house". For Marx, such common substance does exist: "Compared with the beds, the house does represent something equal to them, in so far as it represents what is really equal, both in the beds and the house. And that is — human labour". But Marx excuses Aristotle for this failure since it was impossible for him to decipher that common substance:

Greek society was founded upon slavery, and had, therefore, for its natural basis, the inequality of men and of their labour-powers. The secret of the expression of value, namely, that all kinds of labour are equal and equivalent, because, and so far as they are human labour in general, cannot be deciphered, until the notion of human equality has



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already acquired the fixity of a popular prejudice. This, however, is possible only in a society in which the great mass of the produce of labour takes the form of commodities, in which, consequently, the dominant relation between man and man, is that of owners of commodities. The brilliancy of Aristotle's genius is shown by this alone, that he discovered, in the expression of the value of commodities, a relation of equality. The peculiar conditions of the society in which he lived, alone prevented him from discovering what, "in truth," was at the bottom of this equality.

Did value, human labour as a common substance of goods, always existed and was only awaiting the necessary social conditions to "reveal itself" in its true form? This question will underlie the rest of our presentation.

### The Aristotelician Tradition

Aristotle considers that exchange is possible through money, which is a convention (not a commodity). The equalization of goods is the product of the *nomos*, of a socio-historical institution. Money, product of the *nomos*, represents the *chreia* (need/demand), which holds all things (in the *polis*) together. Individuals and products are not commensurate, only the social law can equalize what is intrinsically different. We must keep in mind that Aristotle is not discussing an economic problem, he is rather discussing a political problem: what is the foundation of the *polis*. The *nomos* is not natural, it rather opposes the idea of nature (*physis*). The *nomos* is artificial and arbitrary, but, as Castoriadis explains [1978, p.355], it is not an arbitrary decision of some individuals; it is a universal arbitrariness, or rather, an arbitrary universality that founds the *polis*. Each city have a *nomos*, but different cities can thus have different arbitrary values (*axia*) embedded in the *nomos*; Aristotle shows that point by comparing and contrasting the Constitutions of the Greek cities. For Aristotle, the *nomos* of Athena must be based on the *axia* of virtue. Virtue then determines what is the *chreia* (need/demand) for all things. In his *Politics*, he even contrasts economics, the economic activity based on virtue, and chrematistics, the economic activity based on the unlimited desire to accumulate wealth, where accumulation become the final cause of human activity instead of being means for virtuous actions.

To put a long story short, let's just remember that the equalization of goods is done through a normative judgement. There is no possible exact calculation of prices, but the social need/demand is expressed sufficiently well by money for practical purposes. As for the *axia* of the *nomos* of the *polis*, it will later be replaced by the Will of God in scholastic thought. This normative judgement is at the heart of the conception of the "Just price" debated in medieval economic thought until the XVIIth century.

### The Scholastic conception of trade

Scholasticism refers to a medieval set of systematic doctrines which merged Aristotle's thinking and Christianity. It goes from the Xth century to the XVIIth century. Thomas Aquinas, who renovated scholasticism by integrating new elements of Aristotle's



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thought rediscovered during the Renaissance, is usually considered as the most important Scholastic. For Scholastic thinkers, prices are not natural; they are rather the results of a bargain between two parties. It is the product of a relation of power. The main question for Scholastic thinkers is thus what would be the just price in a particular transaction so nobody exploit the other's needy situation? Scholastic thought is not monolithic since it evolves considerably from Pierre Lombard (XIth Century), to Thomas Aquinas (XIIIth Century) to the School of Salamanca<sup>1</sup> (XVI-XVIIth Centuries). No need to say, the economic conditions were far different than what they are nowadays: the economic transactions are done on a local marketplace, usually with no real alternative buyer or seller and monopolies or collusion between merchants to raise prices are frequent. Also, some common features of the scholastic economic thought must be kept in mind:

- Exchange is a personal relation between two individuals. There is no anonymity between the parties.
- Exchange is usually considered as a confrontation between two unequal parties, where one always tries to coerce the other. Price is the product of power relations and justice must ensure that no one abuses his position of strength.
- The just price concerns only the necessities of life. There is no moral judgement necessary over the price of luxury goods since such trade cannot exploit the poor situation of an individual.
- Usury is forbidden since it is an exploitation of individual economic need. Other arguments will also be used against usury [Langholm, 19998, p.63]: 1-Argument from the sale of time (which belongs to God) 2-Argument from ownership (ownership of money borrowed passes to the borrower and any profit obtained with it belongs to him) 3-Argument from consumptibility (money has no use value) 4-Argument from the sterility of money (metal cannot breed).
- The just price is not a unique price; it is rather a price bracket in which the market price may vary somewhat without violating the requirement of justice.
- The concept of property is not clearly defined. The idea of absolute domination over our own possession, idea that came from the Roman Law and that will be essential in post-scholastic thought, will appear only at the end of the XVIth Century.
- The "real price" does not exist. The price always expresses an exchange relation with money. Price and money are inseparable.
- Money finds its meaning in the act of measurement which brings three consequences [Tortajada, 1992, pp.76-79]: 1-Invariability of money must be defended against manipulation and mutation 2-Trading moneys (exchange rate) made no sense since the trade of a measure for another was absurd 3-Since Money measures commodities, a theory of value is not necessary.

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<sup>1</sup> The expression "School of Salamanca" first appeared in José Larraz, *La época del mercantilismo en Espana (1500-1700)*, Madrid: Atlas, 1943. It designates the Dominicans who taught at the University of Salamanca (Spain) and contributed to make thomism the foundation of moral theology. The School of Salamanca was in some way very progressive; it integrated the social role of the merchants in traditional considerations, it formulated a conception of monetary interest morally acceptable and it first considered the market price as a form of the just price.



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What was at stake in scholastic economic thought was not economic efficiency but rather economic justice. Every economic transaction was considered in its singularity to determine its moral validity: was there collusion or monopoly? Was one of parties submitted to economic compulsion? In fact, a catchword of the literature was *caristia indicatur* (inducing dearth) [Langholm, 1998, p.90]: is the eagerness for personal profit harmful for the community in that particular transaction? Scholastic economic thought was first and foremost a discussion over the existence of compulsion in economic transactions. This compulsion might be done against the buyer or the seller but in general, the seller is the most powerful party since the merchant that controls the resources normally need money less than his customers will need his goods. In fact, the main economic problem at the time was strategic transactions by merchants to starve people so to raise prices and profits. The capital of a merchant wasn't made of "means of production", it was his monopoly power, his capacity not to create wealth, but to create scarcity. In the end, for scholastic thinkers, what distinguished between compulsion and a reasonable balance of economic interests respecting the just price was first and foremost a matter of judgement. Judgement was what scholastic economic ethics usually fell back upon.

But Scholasticism evolved with its time. The Reform made personal gains for merchants a matter of personal consciousness; theories of natural rights analysed social relations without referring to theology; the rise of wage-labour brought in economic transactions over a particular commodity: labour-power. Those elements forced the development of new ideas in scholastic thought. For example, the development of wage-relations conducted to the development of a large literature over the needy labourer confronting the rich capitalist, forced to sell his services<sup>2</sup> [Langholm, 1998, pp. 118-136]. Also, Juan de Lugo, maybe the most important economic thinker of Salamanca, published his work *De iusticia et iure* in 1642, the very same year that the most anti-Aristotelian thinker of the XVIIth century, Thomas Hobbes, published *De Cive*. While the scholastic tradition always identifies justice with the purpose of actions, Lugo articulates a novel idea that first found its expression in natural law: justice pertains to the keeping of covenants, not to their terms. Such reconsideration over the meaning of justice brought the decomposition of the scholastic paradigm. Note that this paradigm, secularized, will revive with the old insitutionnalist school, especially with John Roger Commons [Langholm, 1998, pp.178-200].

### THE RICARDIAN TRADITION

The Ricardian tradition of exchange value measurement appeared in the XVIIIth century with Adam Smith. By identifying the different natural economic laws, exchange value is now measured first and foremost by a quantum of human labour. Before getting into the thought of Adam Smith, David Ricardo and Karl Marx, we must first identify

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<sup>2</sup> The figure of the needy laborer disappear in the XVIIIth century but it reappears in ideological disputes in the XIXth century, not as a person but as a class. If Marx never thought of the exploitation of labour in Aristotelician terms, he did consider need as a form of compulsion (the free worker on the free market, owning nothing but himself and forced to sell his labour-power to survive).



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some important social settings of the XVIIIth Century that differs dramatically from the ones in the scholastic tradition:

- Growth of the market; development of the networks of international trade.
- Rise of market societies with enclosures and industrial revolutions, alternatives to wage-labour sometimes impossible.
- Men are considered equal.
- Depersonalization of exchange. Objectivization of market relations, exchange becomes an anonymous transaction.
- Ownership clearly defined as absolute domination over our possessions.
- Institutionalization of monopolies for trade with the colonies

The depersonalization of exchange is fundamental since the objectivization of market relations allows one to discover "economic laws" independent of personal relations. Nature becomes the key word: social relations are determined by nature and we can thus identify natural laws of economic behaviour. Individuals, acting according to natural economic laws, evade personal, subjective moral responsibility for their economic actions (for their use of economic power). More than anything else, this objectivization of markets signals the breakdown of the scholastic approach to economic ethics.

### **Adam Smith; at the crossroads of scholasticism and classical political economy**

Adam Smith is usually considered as the first classical political economist, but he is also the last of the Scholastics [Lapidus, 1986, pp. 55-66]. Smith's political economy is grounded in moral philosophy. Smith achieves to dissociate a criterion of optimality for the economy (the determination of natural prices) from a mechanism that determines market prices. Smith shows how competition, or natural liberty in transactions, will fix prices that correspond more or less the to "natural prices" of commodities. The natural prices correspond to what morals dictate, they are the just prices, but they are now also the optimal prices for the greatest growth of the wealth of the nation. And market prices, through competition, will in the end "gravitate" around the natural prices.

#### **- *The market as a solution to the genealogy of morality***

In the XVIIIth century, luxury consumption was still considered immoral. When Mandeville, in 1714, wrote the *Fable of the Bees*, he prefigured economic liberalism by defending that private vices make public virtues. This book came as a real shock at the time since it was first and foremost an apology of luxury. Sumptuary consumption by rich people creates a demand for labour, which provides a wage for poor people. The private



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vices of the rich guarantee the survival of all. But luxury keeps its immoral connotation in Mandeville's writings. Adam Smith will be the first to make the desire for unlimited wealth (avidity) not only socially beneficent but also morally acceptable.

In the *Theory of Moral Sentiments* (TMS, 1759<sup>3</sup>), Smith tackles the problem of the genealogy of morality: can moral judgement be the source of general rules of justice? For moral judgement to be so, it has to be 1-immediate (shaped by our sensations), 2-general (shared by everyone) and 3-compulsory. This approach is typical of the Scottish Enlightenment. Before him, Hume considered that moral judgement, shaped by sensations, was unable to determine the rules of justice. Hume considered that justice couldn't be deduced through reason (reason is the slave of passions), or couldn't be induced by sentiments as argued Hutcheson since sympathy was necessarily partial. It was thus impossible to identify natural laws and thus justice couldn't be natural; it has to be artificial. For Hume, justice was a necessary artifice, an artificial virtue, a convention. Smith agrees with the critique of Hume but refuses to consider justice to be conventional.

Smith tackles at showing that moral judgement can become a general rule of justice through the mechanism of the "impartial spectator". Through sympathy, one can project himself in the mind of somebody else so to feel his emotions (classical sympathy of the Scottish XVIIIth century), but Smith considers that one can also project himself in the mind of somebody that would be looking at him and judging his actions. Therefore, for any misconduct done even in the greatest secret, one would still feel blameworthy. But to project ourselves in the mind of an impartial spectator judging our actions is a complex enterprise. One must follow a set of rules (prescribed in the TMS) and only philosophers can become such impartial spectators. But what about the rest of the people? How can we generalize the impartial moral judgement since almost all the people will never be philosophers? The moral judgement is immediate, general (anyone who reaches the level of the impartial spectator will arrive at the same conclusion) but it is not compulsory since almost no-one will reach the level of the impartial spectator. For Smith, the problem is then to explain how individuals that are not acting toward the common good (was it only because they don't know what it is) can nevertheless coexist and form a society. In other words, does the common good suppose the virtue of all or can the generalization of the moral judgement be attained even if people do not act virtuously? Smith's answer will be that, in the domain of the economy, under certain conditions, the free competitive market can act as such mechanism that will force people to act virtuously even if they don't intend to, or even if they don't even know what is the common good. For all non-philosophers, the market must replace the impartial spectator. Everyone looking for his own private interests will achieve the greatest public good.

The impartial spectator is able to determine the natural prices of commodities, prices that are just and that will maintain a dynamic process that ensures the greatest wealth of the nation. But those prices cannot be imposed in the economy and Smith shows how the free competitive markets can make in sort that free competitive market prices will always tend to natural prices, they will always "gravitate" around the natural prices [WON, Book 1, chap.7].

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<sup>3</sup> The TMS was first published in 1759 but it was re-edited with revisions and augmentations in 1761, 1767, 1774 and 1781. The interpretation according to which the TMS was only an early work on morality incompatible with the focus on selfishness in the *Wealth Of Nations* (Das Adam Smith Problem) is not acceptable. It is more accurate to consider both works as two parallel and complementary reflections.



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Our interpretation is that the natural price in Adam Smith is the just price for Scholastics, but now, it is also the optimal price to increase the wealth of the nation. The difference is that Smith dissociates the just price from the mechanism for the determination of prices: the market. The just price needs not to be imposed according to the particular conditions of the trade, it can be obtained through natural liberty and anonymity. But Smith now needs to explain how the market can determine prices that correspond to natural prices while economic agents still hold economic power; he needs to defuse power in economic transactions. For this to happen, Smith must tackle at what Hume called "the passion destroying all societies" (because it doesn't have any opposite): the desire for unlimited wealth (avidity).

### **- Defusing avidity and power; the moral construction of capital**

Main vice of all societies conducing to the worst inequalities, avidity must be defused. To do so, Smith puts forth his concept of capital with which he transforms the vice into virtue. Enrichment is not dilapidating morality anymore, at the contrary, it is now the result of a virtue: saving, the sacrifice of non-consumption. Those who accumulate capital do not accumulate to buy luxury goods (as in Mandeville), they accumulate means to put wage-labourers to work so they produce more wealth that will be used to put more wage-labourers to work, etc. They accumulate for the sake of accumulation, irrationally. Does it mean that a poor man's son who starts saving to accumulate wealth so to get out of poverty would be irrational? This is exactly what Smith is defending when he says that such a man, by the end of his life [TMS, 1759, pp.182-183]:

In the languor of disease and the weariness of old age, the pleasures of the vain and empty distinctions of greatness disappear [...] Power and riches appear then to be, what they are, enormous and operose machines [...] If we consider the real satisfaction which all these things are capable of affording [...], it will always appear in the highest degree contemptible and trifling.

This quest, insatiable and useless, it is the accumulation of capital and it is done by people victim of an illusion. But this illusion is fortunate [TMS, 1759, p.183]:

It is this deception which rouses and keeps in continual motion the industry of mankind. It is this which first prompted them to cultivate the ground, to build houses, to found cities and commonwealths, and to invent and improve all the sciences and arts, which ennoble and embellish human life; which have entirely changed the whole face of the globe.

Accumulation of wealth thus depends on savings. Unlimited enrichment is compatible with the common good, as long as it takes the form of capital accumulation, capital being here a fund of necessities of life to pay wage-labourers. The capacity for enrichment, the earning-capacity must then correspond proportionately to the production-capacity. Capital is thus means of production, means to put people to work and its value corresponds exactly to its productivity. Accumulation thus ensures the greatest well being for all. We are here at the heart of the ideological war machine of economic liberalism. Two centuries later, Hayek defends exactly the same conception when he says [1988, p.138]:



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"When the market indicates to an individual entrepreneur that he can gain more profits by acting in such a way, it gives him the possibility of acting according to his own interests but also to provide the community with a greater contribution than any he could provide in any other way"

The strength of Smith's and Hayek's argument is that the earning-capacity, formerly considered as being determined by power over others, is now conceptualized in terms of the power to produce goods that will benefit all. My earning-capacity (returns on capital) is determined by my productive capacity, by my productivity, by my contribution to enlarge the wage-fund, thus by my contribution to the welfare of all, to the common good. My personal enrichment is necessarily done by a contribution to the welfare of all. The level of chrematistics in Aristotle becomes here the rate of growth of the economy. Capital, formerly power over others, becomes simply power over nature, viz a power to produce, means of production, a capacity to extract commodities from nature. But in concrete terms, for Smith, capital is a fund of necessities of life, a fund of real wealth that allows one to command the labour of others. From this follows his definition of real wealth that we find in the *Wealth of Nations* (WON) where Smith cites Hobbes:

Wealth, as Mr. Hobbes says, is power. But the person who either acquires, or succeeds to a great fortune, does not necessarily acquire or succeed to any political power, either civil or military. [...] The power which that possession immediately and directly conveys to him, is the power of purchasing; a certain command over all the labour, or over all the produce of labour, which is then in the market.

But Smith cites Hobbes wrongly. Hobbes rather said [1652, chap. X, p.58]: "Riches joined with liberality is power; because it procureth friends and servants". In fact, for Hobbes, it is reputation of prodigality that procures power. Smith puts in Hobbes' mouth the opposite meaning since he tries to reduce any form of economic power to a simple purchasing power, to the action of trade itself. But, one could argue, isn't purchasing power, namely the power to command other's labour, the power *par excellence* over others? Yes and no. It is a power over others but this power is defused since the competitive free market makes sure that goods are exchanged for goods of equal value. Wealth, as purchasing power, is necessarily exchanged for a power of equal magnitude and two equal powers, by definition, cancel each other. The economic sphere, for Smith, is thus the realm of only one type of power: capital in terms of a productive power over nature. Smith knows that other economic powers are at work (privileges and monopolies) but this is the reason why he constructs his "system of natural liberty" against the "mercantile system"<sup>4</sup>. He aims at showing how the destruction of market powers and privileges, namely the destruction of the power of the merchants, will serve the general interest.

The key analytical concept in Smith is thus his concept of capital. His moral construction of capital allows:

1- to defuse the vice destroying all societies (avidity)

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<sup>4</sup> The WON is constructed as an opposition between the existing "mercantile system" which is sub-optimal and the "system of natural liberty" which can provide the greatest wealth for nations.



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- 2- to conceptualize the economy not anymore in terms of a game of power over others (zero-sum game) but rather in terms of a game of power over nature (positive sum game), in terms of productive capacity.
- 3- to solve the problem of the genealogy of morality since the market can tend to natural prices only if bargaining powers are evacuated from the economic transactions.
- 4- to attack directly the mercantile system as a system going against the common good.
- 5-To found political economy as a discipline by showing that freedom of trade is necessarily conducive to the greatest welfare for all (self-regulating market).

With his concept of capital, Smith poses the foundations of classical political economy thanks to a particular conception of justice and power. We thus have a complex theoretical construction where freedom of trade ensures justice and progress because the earning-capacity of capital is determined by its social productivity.

### **- The Smithian measure of value**

After considering the moral construction of Smith's economics, we can now turn to Smith's considerations about the measure of value. In *WON*, Smith distinguishes between use value (the utility of an object) and exchange value (its purchasing power). Political economy being interested in relative values, it must focus on exchange value (utility thus not being a standard of value). To explain exchange value, Smith distinguishes between the nominal and the real price of commodities, nominal price being the price in terms of money while the real price is the price in terms of labour: "The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring" [p.26]. Wealth is thus a power of acquiring commodities, a purchasing power: "The exchangeable value of everything must always be precisely equal to the extent of this power which it conveys to its owner" [p.26]. This power cannot be measured through nominal prices since the value of money can vary (money is only a veil that hides the real economy). After also disqualifying corn as a universal standard of value, Smith considers that labour is the real measure of exchangeable value of all commodities:

" Equal quantities of labour, at all times and places may be said to be of equal value to the labourer. In his ordinary state of health, strength and spirits; in the ordinary degree of skill and dexterity<sup>5</sup>, he must always lay down the same portion of his ease, his liberty and his happiness" [p.28]

Therefore, "Labour alone [...] never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared"[p.28]. But Smith considers that wealth is a purchasing power, not a substance. So the labour that measures the value is not the one embodied in the commodity but the one that the commodity can command through exchange: "[The

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<sup>5</sup> Note that Smith considers here labor to be abstract and not concrete since it depends on ordinary conditions. Ricardo also considers labor to be abstract.



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value of wealth] is precisely equal to the quantity of labour which it can enable [its possessor] to purchase [p.26].

Then, Smith seems to transform totally his approach when he distinguishes between natural prices and market prices. Smith considers that in the "early and rude state of society" [p.41], the proportion between the quantities of labour necessary for acquiring different objects was seemingly the only circumstance to determine the proportion for exchanging commodities. But, "in the advanced state of society" [p.42], with the accumulation of stock and the property of land, profit and rent appeared, so "the whole produce of labour does not always belong to the labourer" [p.43]. Rent and profits are added (according to a natural rate) to the real price determined by labour. In the advanced state of society, the natural price of commodities is thus determined not only by labour but also by the added value of profit and rent:

"When the price of a commodity is neither more nor less than what is sufficient to pay the rent of the land, the wages of labour, and the profits of the stock employed in raising, preparing, and bringing it to the market, according to their natural rates, the commodity is then sold for what may be called its natural price" [p.48].

The natural price is not in contradiction with the real price since, for Smith, labour is not a substance embodied in the commodity but only a standard of measure; the standard is commanded labour, not embodied labour. If, to command labour, a rate of profit and a rent must naturally be paid, then it is also part of the natural price. Smith ends his discussion on prices by considering that the actual price (market price) is sometimes above or below the natural price due to variations in demand and supply. But the market always tends to adjust itself through competition so the natural price is the central price to which "the prices of all commodities are continually gravitating" [p.51]. The addition of wage, profit and rent in a competitive market economy thus provides a way to determine the value of any commodity.

### **David Ricardo and the formalization of classical political economy**

David Ricardo is well known for what Josef Schumpeter called the "Ricardian vice". Ricardo conceptualizes the economy in terms of a model with a set of hypothesis. Everything is reduced to a set of assumptions from which we build a whole model. If Smith provides the moral construction of political economy, Ricardo transforms this construction into a set of assumptions given before the analysis. The Smithian moral construction is simply naturalized. The natural price, or value, is defined as the difficulty of production [*Principles*, chap. 20]. Value and capital are then determined in the relation of man with nature, they are determined by the difficulty to extract commodities from nature. Smith's conclusions become here only basic assumptions. But Ricardo doesn't agree with all that Smith defends, his main objection concerns the measure of value.

For David Ricardo, Smith's explanation of value is shaky since the power to command labour can vary with nominal wages (this point will provide long debates with Malthus). In his *Principles of Political Economy and Taxation*, Ricardo intends to rectify Smith's analysis at the very start; the subtitle of the first chapter being: "The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labor which is necessary for its production, and not on the greater or less compensation which is paid for that labor" [p.17].



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For Ricardo, the problem with Smith's analysis is that the standard of value is dependant upon distribution (the value of commodities will change if there is a variation in wages or in the rate of profit). We must keep in mind that Ricardo's project was first and foremost to explain distribution since for him the principal problem in political economy is to determine the laws of distribution between wage, profit and rent [Preface of his *Principles*]. Therefore, the standard of value is of no use in explaining this distribution if it depends upon it. For Ricardo, the value of a thing is not based on its "power to command labor" but rather on the difficulty to produce it. Instead of commanded labor, Ricardo considers that the real standard of value should be embodied labor in the commodity. The difference is important in relation to Smith. For example, if we consider that in the "early and rude state of society", in ordinary conditions, a man hunts three beavers in nine hours (an entire working day), the value of a beaver in terms of embodied labour is simple: three hours of work, that is the third of a day; its value in terms of commanded labour is exactly the same since a beaver can command three hours of work. In the rude and early state, the two evaluations coincide. But what happens when we consider the "advanced state of society", where the owner of capital used in the hunting withholds a profit and the owner of the land on which the hunting is done withholds a rent. The product of labor is now divided between the hunter, the capitalist and the landlord. If we consider that they each receive one beaver, the value of a beaver in terms of embodied labour stay the same (three hours for one beaver) while its value in terms of commanded labor is different, it is now one day of work for one beaver since to get one beaver, the worker is ready to work an entire day (not the third of a day), so one beaver commands nine hours of work.

The conclusion of Ricardo is therefore that if we want our standard of value to be independent relatively to distribution: "It is the comparative quantity of commodities which labor will produce that determines their present or past relative value, and not the comparative quantities of commodities which are given to the labourer in exchange for his labor" [p.21]. For Ricardo, labor is not just a measure of value, it is its substance. Embodied labor thus determines value, which determines prices. Ricardo agrees with Smith on the difference between natural prices (corresponding to the exact amount of embodied labor) and market prices (which gravitates around natural prices).

### **Karl Marx; Critic and prisoner of classical political economy**

Smith and Ricardo thus provide two different articulations of the concepts of labour, value and prices. In his *Théories sur la Plus-value*, Marx will criticize both conceptions. He considers that Smith emphasizes too much on "living labour" (the labour one can put to work) where commanded labor is just a measure and thus must presuppose the substance that has to be measured. As for Ricardo, Marx considers that he emphasizes too much on dead labour since he does not distinguish between labour and labour power (and thus Ricardo discusses the "price of labour", which does not make sense to Marx). Also, by distinguishing between labour as the substance of value and labour power as the commodity that produces labour, Marx is able to bring in the concept of exploitation at the core of his political economy. While everything is exchanged at its value in the sphere of circulation, exploitation is at the centre of the economy since it is at the centre of the sphere of production: production in the capitalist process is possible only if a surplus-value is extracted.

In Marx's analysis, the economy is divided in two domains: circulation (phenomenons on the surface) and production (the secret laboratory of the capitalist). For Marx, there is no power involved in the games of the trade, exactly as in Smith [Kapital, Book 1, Part II, chap.6] :



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This sphere [of circulation] within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property and Bentham. [...] Each looks to himself only, and no one troubles himself about the rest, and just because they do so, do they all, in accordance with the pre-established harmony of things, or under the auspices of an all-shrewd providence, work together to their mutual advantage, for the common weal and in the interest of all.

Marx shows that the capitalist will exert his domination over the worker while totally respecting the laws of trade under perfect competition. The free worker on the free market is forced to sell his labour-power at its value (the cost of its reproduction), he works for the capitalist who appropriates the product of his labour. The value of all commodities is determined by the socially necessary labour-time. The extraction of a surplus-value is done without coercion from the parties of the trade. Nevertheless, by showing the existence of an overall exploitation even without direct coercion, Marx reintroduces power relations at the core of his economic analysis. In the Smithian/Ricardian ideal economic construction where power is totally evacuated, where everything is exchanged at its value (natural price), there is still a macro-power relation involved. This time the power relation is not between two individuals but between two classes: capitalists and workers. There is no compulsion involved in trade but there is still exploitation at the heart of the whole economic process of production.

But what is at first a critique of the economy as such, a critique of the way men relate to each other through commodities identified as cristallised human labour, it becomes rapidly a critique of political economy (that is bourgeois economics) as a mystified and ideological representation of economic reality. But Marx also constructs his own economic theory, a true theory to oppose to false bourgeois economics.

Marx's analysis is very rich but there is a major analytical problem in his reconstruction of economics: his whole economic analysis, the determination of value, is still grounded on the notion of social productivity (socially necessary labour-time). Marx shows the domination of a class over the other but his economic theory is still grounded on the notion that social productivity determines value. Capital, as a way to exploit workers, as an earning-capacity, still remains means of production, a power over nature to produce commodities. The difference with Smith and Ricardo is that Marx's capital is not only means of production, it involves also a social relation where the capitalist must use the means of production to exploit the worker. But still, the value of capital is determined by its productivity over nature. Marx's concept of capital differs from Smith's and Ricardo's but it is still grounded in the same moral construction in terms of productivity. Marx, Ricardo and Smith (but also neoclassical economics) analyze value through the same paradigm that can be divided in two propositions:

- 1-The value of capital corresponds to its earning-capacity.
- 2-This earning-capacity is determined by productivity.

For sure, it is the second proposition that founds the whole normative judgement in the economic analysis. Marx is prisoner of such normative judgement since the accumulation of capital is necessarily the development of productive forces. Marx remains in this moral conception of capital where any earning-capacity is proportional to its productive capacity. In fact, Marx remains in an approach in terms of natural prices to construct his whole economic analysis. But in some passages he considers that value of



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commodities is determined by a social validation of private labour (and not by the difficulty of production being the socially necessary labour-time). We will here show that both approaches are incompatible.

### **- Abstract labour as the substance of value; analysis in terms of natural prices**

This approach in terms of natural prices considers that the magnitude of value must be determined by an intrinsic substance. This substance, for Marx, is abstract labour; value is the quantity of direct and indirect labour spent during the production of the commodity, the quantity of socially/technically necessary labour. The value determined is an intrinsic magnitude, it is the natural price of the commodity. Value is thus "frozen abstract labour" embodied in the commodities during production; the determination of the magnitude of value is done through the production process. Value is the natural price of the commodity around which will market prices gravitate. To this approach is often associated the figure of the "old" Marx since the three volumes of *Capital* emphasize mostly (but not only) this reasoning. With this approach, all economic laws can be understood in real terms: money has no role; it is just a commodity as every other. The channels of circulation cannot overflow, there can be no inflation since, for Marx, a regulation of the quantity of money will be made through hoarding.

Using this approach, Marx can easily construct an objective concept of exploitation during capitalist production since the labour-power commodity needs less value to be produced than it can produce. To the surplus value extracted from labour-power will correspond the profit of the capitalist. But there is here a problem due to a necessary requirement of a capitalist economy: there must be a uniform rate of profit in the economy because of the competition among capitalists. The problem is that the organic composition of capital is different between branches of production. Then if profits correspond to surplus-value, and if the amount of surplus-value produced in different branches varies according to the organic composition of capital, the rate of profit should then be different in every branch. For Marx, the uniformity of the rate of profit in every branch must be respected since it is a necessary requirement in a capitalist economy. The only solution is then to consider that prices do not correspond directly to values and that the rate of exploitation in each branch does not correspond directly to the rate of profit. Marx thus considers that value explains the origin of prices and profits but that prices and profits are determined not according to value but to the amount of money invested by the capitalist in the process of production. Marx is thus stuck with the problem of transforming values in prices so to respect the uniform rate of profit between branches [*Capital*, Vol. 3]. The problem of the transformation was the Achille's heel in Marx's analysis in terms of natural prices. To synthesize briefly long debates in the marxist tradition, let's just say that Marx never provided a satisfactory solution to the problem of transformation and those after who tried, like Bortkiewicz, Dmitriev and Sraffa, arrived to the conclusion that a correct scheme of transformation in fact proved that values were not necessary to determine prices. Therefore, natural prices are not necessary to provide a price system. The debates went on in the marxist tradition as for the way in which value could be relevant for economic analysis.

Nevertheless, if we put aside the problem of transformation, this approach in terms of natural prices allows us to identify the tendency of the falling rate of profit, which shows "scientifically" that capitalism will destroy itself<sup>6</sup>.

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<sup>6</sup> Through technological competition between capitalists, the proportion of constant capital is increasing relatively to variable capital. To produce, capitalists have to buy more constant capital



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### *-Problems in defining abstract labour as the substance of value*

However, beside the problem of "transformation", a lot of problems arise from this approach. The main problem being grounding the concept of abstract labour as the substance of value on proper theoretical foundations. In fact, Marx only identifies negatively labour as the substance of value without any positive demonstration: he eliminates all the external contingent characters of use-value until he finds only one substance that is common to every commodity, that is labour. Labour, abstracted from the real-concrete use-values, becomes the magnitude of value in exchange. But any process of elimination cannot be grounded theoretically: how can we know that there is not another common substance that we don't know yet about? But also, as Böhm-Bawerk and Wicksteed point out, any use-value has to be useful, so why isn't it "utility" that is the common substance of commodities? Note that we find in Hegel exactly the same process of extraction of a common substance between the different contingent use-values. But for Hegel [*Elements of the Philosophy of Right*, §63], that common substance is utility since Value is linked with need-in-general:

A thing in use is a single thing determined quantitatively and qualitatively and related to a specific need. But its specific utility, being quantitatively determinate, is at the same time comparable with [the specific utility of] other things of like utility. Similarly, the specific need which it satisfies is at the same time need in general and thus is comparable on its particular side with other needs, while the thing in virtue of the same considerations is comparable with things meeting other needs. This, the thing's universality, whose simple determinate character arises from the particularity of the thing, so that it is *eo ipso* abstracted from the thing's specific quality, is the thing's value, wherein its genuine substantiality becomes determinate and an object of consciousness. As full owner of the thing, I am *eo ipso* owner of its value as well as of its use.[...]

The qualitative disappears here in the form of the quantitative; that is to say, when I speak of 'need', I use a term under which the most various things may be brought; they share it in common and so become commensurable. The advance of thought here therefore is from a thing's specific quality to a character which is indifferent to quality, i.e. quantity. [...] In property, the quantitative character which emerges from the qualitative is value. Here the qualitative provides the quantity with its quantum and in consequence is as much preserved in the quantity as superseded by it. [...] The value of a thing may be very heterogeneous; it depends on need. But if you want to express the 'value of a thing not in a specific case but in the abstract, then it is money which expresses this. Money represents any and every thing, though since it does not portray the need itself but is only a symbol of it, it is itself controlled by the specific value [of the commodity]. Money, as an abstraction, merely expresses this value.

Marx builds on Hegel but integrates Ricardo by choosing labour to be the common substance of commodities instead of utility. But labour must be homogenized (concrete and abstract labour; skilled and unskilled labour), and it conduces to the problem of how to define "abstract labour" which constitutes the substance of value. We find four different elements provided by Marx to define "Abstract labour", we will introduce and analyse each of these definitions:

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(which doesn't create surplus-value), so the rate of profit obtained proportionally to the initial investment for production is decreasing.



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1- An idealist definition: *Labour in general as a concept that includes concrete labours*. But this is a purely idealist definition just like all dogs are included in the concept of "dog". Consequently, this definition is not sufficient to make labour the substance of value.

2- A physiological definition [Tucker, p.310-312]:

« Productive activity, if we leave out of sight its special form, viz., the useful character of the labour, is nothing but the expenditure of human labour-power. Tailoring and weaving, though qualitatively different productive activities, are each a productive expenditure of human brains, nerves, and muscles, and in this sense are human labour. [...] All labour is, speaking physiologically, an expenditure of human labour power, and in its character of identical abstract human labour, it creates and forms the value of commodities. »

Abstract labour is here reduced to an expenditure of energy. But why then only consider human labour? Also, how can we account for the difference between skilled and unskilled labour?

3- While analyzing American capitalism, Marx shows that a real homogenization of labour happens through dequalification [*Introduction to the Contribution to the Critique of Political Economy*, 1857]:

« This state of affairs is most pronounced in the United States, the most modern form of bourgeois society. The abstract category "labor", "labor as such", labor *sans phrase*, the point of departure in modern economics, thus becomes a practical fact only there. »

But a problem arises with this definition since here skilled labour cannot be abstract labour; in fact Marx abolishes here the distinction between concrete and abstract labour.

4- Another interpretation of Marx is that "abstract labour" is a purely social reality. A lot of passages in Marx correspond to this interpretation, for example [Tucker, p. 313]:

« The value of commodities is the very opposite of the coarse materiality of their substance, not an atom of matter enters into its composition. Turn and examine a single commodity, by itself, as we will, yet in so far as it remains an object of value, it seems impossible to grasp it. If, however, we bear in mind that the value of commodities has a purely social reality, and that they acquire this reality only in so far as they are expressions or embodiments of one identical social substance, viz., human labour, it follows as a matter of course, that value can only manifest itself in the social relation of commodity to commodity. »

This definition seems the most solid one. Nevertheless, if the magnitude of value is measured only through its social validation, serious problems then arise in terms of compatibility with an analysis in terms of "natural prices". This will be shown by exploring the next approach used by Marx.



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### - *Articulation of the economic concepts in the "natural price" approach*

Before analysing the "social approach", let's remember that natural prices provide Marx with the necessary tools to give an "objective" definition of exploitation and to explain the self-destruction of the capitalist process through the falling rate of profit. We must underline that, in such an approach, abstract labour is embodied in commodities and determines the magnitude of its value. Also, the value of money corresponds to the abstract labour embodied in it as it is for any other commodity. Thus we get the following chain of causality in terms of determination<sup>7</sup>:

Abstract Labour                      Value                      → Money                      →

If this line of argument is dominant in Marx's economic writings, it is not the only one, it is even not a necessary one. As he writes to Kugelman [London, July 11, 1868]:

« even if there were no chapter on "value" in my book, the analysis of the real relationships which I give would contain the proof and demonstration of the real value relation. The nonsense about the necessity of proving the concept of value arises from complete ignorance both of the subject dealt with and of the method of science. Every child knows that a country which ceased to work, I will not say for a year, but for a few weeks, would die. Every child knows, too, that the mass of products corresponding to the different needs require different and quantitatively determined masses of the total labour of society. That this necessity of distributing social labour in definite proportions cannot be done away with the *particular form* of social production, but can only change the *form it assumes*, is self-evident. No natural law can be done away with. What can change, in changing historical circumstances, is the *form* in which these laws operate. And the form in which this proportional division of labour operates, in a state of society where the interconnection of social labour is manifested in the *private exchange* of the individual products of labour, is precisely the *exchange value* of these products. »

That brings us to Marx's social analysis of value.

### - *Value as a social phenomenon*

In his economic writings, Marx intended not only to demonstrate the logical development/collapse of capitalism, he intended also to show that the specific logic of capital must be put in historical prospect, by comparing it to non-capitalist societies. This approach is found among other places in *Capital* while discussing the fetishism of commodities [Tucker, pp. 324-328]. Marx contrasts four types of societies with the capitalist society: 1-Robinson on his island 2- the middle ages "shrouded in darkness" 3- the agricultural-patriarchal society (where labour is common) 4- the communist society. For Marx, in those societies, social relations can be observed directly, there is a

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<sup>7</sup> Note that in the marxist literature, this point of view dominated for a long time. Still today, a lot of traditional marxists use exclusively this approach. Sraffian marxists work within this approach but they replace value as embodied labour by prices of production and they consider that value is not necessary to explain profit and exploitation [De Vroey, 1985].



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transparency in social relations since the products of labour are not clothed with value-form (they are not commodities).

For Marx, the "natural form" of labour, is its social form. In those societies, labour is "immediately" social. The distinction with capitalist societies is that labour is not immediately social, it has to become so. Indeed, in the capitalist society, labour is performed privately and the products of labour have to be exchanged in the social division of labour. Private labour becomes social through a social sanction, a social validation. This social validation of the products of private labour, for it to become abstract labour, is the *salto mortale* (somersault) of the commodity [*Capital*, Book I, Chap.3]. The magnitude of value of the commodity, that is the magnitude of abstract labour, depends entirely upon its social validation. [Note that this conception of abstract labour as a social entity corresponds exactly to the fourth definition we gave of abstract labour.] And this social validation is possible only through exchange, by confronting the commodity with other commodities, by bringing it to the market. Social validation thus happens through the confrontation of the commodity with the universal commodity: money. Social relations thus become relations between things, between the products of labour. In this type of social relations, money takes a predominant role as the universal tool of social validation, it becomes the general other. The value from the body of the commodity thus takes a leap into the body of gold and the basic social relations between individuals, the determination of value by the social validation of private labour, becomes a relation between things. Money is thus the only way to express value; the price you can get for a commodity is thus the expression of its value. We can synthesize the basic features of this approach as follow:

- 1- The particular capitalist mode of production rests on generalized exchange. Labour is first private but we produce use-value for others (and value for ourselves). The social unity between producers rests on the market (which reminds producers of their interdependence). Note that the social division of labour corresponds in Marx to a definite structure of social needs (just like in Hegel where society is a system of needs [Hegel, pp.227-239]).
- 2- Social validation demands the transformation of the products of private labour into commodities. Abstract labour is thus socially validated labour. Note that it just doesn't make sense anymore to consider that abstract labour is the substance of value, since abstract labour doesn't measure anything anymore.
- 3- Value is purely social (society measures value). The measure and determination of value requires resorting to the general other, that is money.
- 4- Only money and exchange can provide the social validation for the different private labours.

### - Articulation of the economic concepts in the social approach

If we contrast this social approach with the approach in terms of natural prices, we see that this approach negates entirely the other for at least five reasons:

- 1-The value of money is not determined by abstract labour, money (or price) determines the value of abstract labour.

Money                  Value                  Abstract Labour →



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- 2- The Market, as the system of social needs, becomes the ultimate judge of the magnitude of value (we do not find natural prices independent of market prices)
- 3- Since money determines and measures value (price is the expression of value), the problem of the transformation of values in prices disappears, there is nothing to transform anymore.
- 4- The specific difference of capitalism is not the value-substance, but generalized exchange. (The idea of embodied labour doesn't make sense anymore since the magnitude of value is not determined in production but in exchange).
- 5- Since money measures value, it cannot measure itself. Money thus cannot be a value, it cannot be a commodity, it is only a measure, a convention as in Aristotle. So all the weak thesis by Marx about the regulation of money through hoarding are not necessary anymore. Also, credit money doesn't have to be reduced to commodities anymore.

The antagonism between the logical analysis of natural prices and the social analysis are evident in Marx' works. Marx himself stressed the fundamental weakness in his *Contribution to the Critique of Political Economy* [translated from Marx, 1965, Tome 1, p.298]:

"On the one hand, commodities must enter the exchange process as materialised universal labour-time, on the other hand, the labour-time of individuals becomes materialised universal labour-time only as the result of the exchange process."

Abstract social labour being simultaneously the condition and the outcome of exchange; Marx's theory is thus trapped in a logical contradiction. Indeed, if the market is the social process by which values come to existence and are determined, values cannot logically pre-exist to market. As explains Benetti [1999, p.125], we can better understand why it will be necessary for Marx, in order to avoid this difficulty, to abandon progressively the principle of unity of production and circulation (unity between the natural price approach and the social approach), to resort more and more to the Ricardian affirmation of primacy of production over circulation (primacy of the natural price approach).

The clear identification of this contradiction disappears in *Capital*, but Marx's struggle to merge those two conceptions into one theory is obvious if we look at the different versions of the first chapter of *Capital* [in Dognin, 1977]. We find in the actual (fourth) edition of *Capital* the following passage [Tucker, p.322]: "when we bring the products of our labor into relation with each other as values, it is not because we see in these articles the material receptacles of homogeneous human labor. Quite the contrary: whenever, by an exchange, we equate as values our different products, by that very act, we also equate, as human labor, the different kinds of labor expended upon them" (C., I, p. 74). In the first edition of *Capital*, this passage had precisely the opposite meaning. In Marx's original work, this passage said: "People relate their products to each other as values to the extent that these things are for them only material shells of homogeneous human labor," etc. (*Capital*, 1, 1867, cited in Rubin, p.148) Marx also corrected the later text for the French edition of 1875 (which had for Marx its own specific scientific value). In the actual edition of *Capital* we find: "The equalization of the most different kinds of labor can be the result only of an abstraction from their inequalities, or of reducing them



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to their common denominator, viz., expenditure of human labor-power or human labor in the abstract." [Tucker, p.322]. In the French edition, at the end of this sentence, Marx replaced the period with a comma and added: "and only exchange brings about this reduction, opposing the products of different forms of labor with each other on the basis of equality" [French edition of *Capital*, 1875].

Marx is clearly trapped in the logical contradiction caused by the different articulation of the economic concepts in the two approaches. Any attempt to reconcile those propositions must confront the different logical problems identified above in terms of articulation of economic concepts.

### CONCLUSION: RECONSIDERING MARX'S CRITIQUE OF ARISTOTLE

At the beginning of this paper, we introduced Marx's comment about Aristotle. Marx considers Aristotle economic analysis of exchange value to be a failure since he does not identify the substance of value. But Aristotle wasn't able to achieve such identification since it is necessary to consider men equals, a preconception alien to ancient Greek society. We will have to wait for the rise of the market society and for the apparition of the capitalist economy to finally identify the common substance of all things with human labour.

We showed how Marx's reconstruction of a true economic analysis, ridden of bourgeois ideology, is in fact still grounded in the moral conceptions embedded in the Ricardian tradition and that it also leads to important theoretical problems. But another problem arises when we analyze more closely Marx's comment on Aristotle: how should we interpret the passage from the heterogeneity of goods to the homogeneity of commodities in history. The question of the determination of exchange value is the question of how can we equalize two different goods, how can qualitative differences can be reduced to a quantitative difference, how can the Other be reduced to One? For Marx, the capitalist economy is characterized by a homogenization through a determination of value substance, socially necessary labour-time. But is this specific to the capitalist economy or is it simply an illusion of the capitalist economy that we can reduce everything to a quantitative difference. The comment on Aristotle implies that value as socially necessary labour-time always existed and is a basic truth for all societies. As Castoriadis indicates [1978, pp.347-350] Marx in fact oscillates between three interpretations of the homogenization of goods:

- 1-The capitalist economy finally makes apparent something that always was there, hidden. Men (and their labour) were equals from the beginning but this essential/substantial equality was veiled by "fantastic" and archaic representations. This is how we must understand Marx's comment on Aristotle.
- 2- The capitalist economy does transform in reality, and for the first time in history, heterogeneous men and labour into a homogeneous and measurable substance, abstract labour. For the first time, this homogeneity comes to existence. This conception is the one prevailing in the *Grundrisse*.
- 3- The capitalist economy gives the appearance of homogeneity to things that are essentially heterogeneous (men and their labour). The appearance of equality exists because labour is used as a common measure through commodification of labour-power, but it is in fact a bourgeois conception of equality since a common measure for individuals that are different is a source of inequality. In a communist society ridden of the bourgeois conception of equality, no common measure must be used to attain real equality; each man must be able to determine his own capacities and his own needs,



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each man measures his needs and capacities, each man is his own standard of measurement: "From each according to his ability, to each according to his needs!" [Tucker, 1978, p.531]. This interpretation is found in the *Critique of the Gotha Program*.

Marx's critique of Aristotle thus becomes very blurry. According to the three interpretations above, why was Aristotle unable to see the common measure of goods in equality in human labour?

1-Because it was hidden. Labour was homogeneous but the archaic social preconceptions refrained him to see the real nature of men as equals (because of the absence of the prejudice of equality).

2-Because there was nothing to see. This ontological equality among men didn't exist yet and we will have to wait until the apparition of the capitalist economy for this homogenization in human labour to come to existence.

3-Because there is no point for an Ancient Greek to speculate on the possible phantasmagorias and illusions that will prevail in future societies. Labour is heterogeneous, it always was and it will always be, whatever illusion creates a capitalist economy. Aristotle was right all along.

By comparing and contrasting the Aristotelician and Ricardian traditions to establish a system to equalize goods, we showed that one evaluated exchange value from a social convention while the other considered the determination of exchange value to be the product of a quantum of value, that is human labour and that the respect of this determination is achieved through natural forces at work in the free competitive market. Conceptions of justice and power prevail in both traditions.

Nevertheless, defending that goods have a certain exchange value according to their Value, that is because of the quantum of human labour contained in it, or defending that goods have a certain exchange value because of a proportionality established among men by convention, we fall back not on the objects, but on the human activity that makes them come into being. But, as explains Castoriadis [1978, p.386], if we consider that this equalization in the products of human activity is based on a conventional proportionality established among men, it is difficult not to question the foundation of this proportionality and it is impossible to forget that it is first and foremost a social institution. But, if we consider that exchange value is determined by a quantum of a substance (value) of homogeneous labour, it is easy to fall in the illusion of naturalization of this substance, as did the classical political economists. The same can be said for Marx since he tended to fall back in logic of natural prices. Also, in his comment on Aristotle, Marx naturalizes Value as a transhistoric truth. Here, it is the author of *Capital*, and not the author of *Metaphysics*, that becomes the metaphysician.

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## NOTE IMPORTANTE

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