Comments (by Patrick Murray) on “Money as Measure of Value” by Chris Arthur

2—“my definition of value as a ‘power of exchangeability does not make any essential reference to what it is that grants commodities this power, nor any theory of the determination of its magnitude.” Let’s backtrack. Where did this definition come from? On p. 1 Chris writes: “a theory which traces the exchange relation to a power intrinsic to commodities would find it more useful to define value as the power of drawing other commodities in exchange possessed by a commodity in virtue of some feature intrinsic to the commodity.” Three comments on this: 1) the definition seems unmotived, out of the blue. How did we get here? 2) I wonder if the definition is tautologous like the Scholastic “dormative power.” Commodities exchange. What does positing a “power of exchangeability” add to the picture? 3) The p. 1 definition makes reference to this “power of exchangeability” being a consequence of “some feature intrinsic to the commodity.” Isn’t it that mystery feature that a theory of value should disclose? Yet p. 2 seems to make it a badge of honor for the “power of exchangeability” definition that it “does not make any essential reference to what it is that grants commodities this power.” Why? Isn’t the source of the power what we want a theory of value to identify? Note that Chris refers to this definition of value as an “original working definition” and allows that “theoretical connections between value and labor may change our definition.” [Question: Does Chris change his definition at the end? If so, to what?]

2-3—I take it that the beginning of this section on “The derivation of money” is intended to be a refutation of Marx’s argument in section one of Chapter 1 that value, the property that is “intrinsic” to commodities that explains their exchange values, is congealed socially necessary abstract labor. Thus, Chris writes: “The actuality of value cannot be established through the analytical reduction of the extremes of the exchange relation to value as such.” But I do not believe that Marx contends that he establishes the actuality of value simply by the argument to socially necessary abstract labor in section one. On the contrary, Marx immediately puts us on notice that this movement from exchange-value to value is just the first of two movements of thought—both of them necessary for the full argument, I take it. The second movement, the subject of section three, is from value to its necessary form of appearance, exchange-value, and, more specifically, since the dialectic of the value-form concludes only with the money form, money.

A second consideration is that the concept of value that Marx arrives at in section one involves the place-holding phrase, “socially necessary.” But the sort of “social necessity” Marx refers to here is not possible without money. So the money form is implicit in Marx’s conception of value in section one.

3—“the analytical reduction is itself impossible without assuming a counterfactual, namely that an exchange system without money sets up equivalence relations that are reflexive, symmetrical, and transitive. But without money to make visible such a homogeneous value space there could be only an incoherent morass of molecular ‘value’ relations which fail to integrate into a common universe.” But as Marx makes clear in Chapter 2, there are no commodities without money. In barter you have an “incoherent morass,” just as Chris points out; you don’t have commodities. Marx is assuming from the beginning that commodity exchanges are reflexive, symmetrical, and transitive; indeed, without those assumptions, the dialectic of the value-form in section three won’t work. All this is to say that, in beginning with generalized commodity circulation, Marx
presupposes money. (Notice that gold is mentioned on p. 127 among the exchange-values a commodity has.) In section three he dialectically redeems that presupposition.

3) Yes, Marx did know Hegel's concept of essence, which states not only that the essence must appear, but that it must appear as something other than itself. (The latter is important because it means that we cannot flatly identify money with value—even though money is necessary for value. In my paper, I suggest that Marx’s rubric of the polarity of the commodity form and the money form, captures precisely these two features of Hegel’s logic of essence.)

It’s true that money has no price, but I don’t think that that implies “money does not itself have value” or that money “is value as form.” I don’t understand the qualifier “as form.” Is money value or not? The point of the Hegelian essence logic and of Marx’s polarity of the commodity and money forms is that money cannot be value, though it is value’s necessary mode of appearance. Which of those two is meant when Chris writes, “money does embody value”? Does that mean money is value? If so, we have dropped the Hegelian essence logic and the Marxian polarity of the commodity and money forms.

4—“money does embody value…It has no need then to express its value in some other commodity.” This sounds like a flat identification of money with value and (as that would require) a flat rejection of the necessary polarity of commodity and money where money is concerned.

Then it seems that Chris does want to hold onto the polarity when he writes on p. 4, “value cannot exist autonomously as money.”

5—But then on p. 5 he writes, “Thus if money does not have value, like other commodities, nevertheless it is value, the “sole adequate existence of value,” as we saw.” I’m confused; is the claim that money is value or not?

5-6—Thanks for the Hegel reference on animal, but I have always thought that Marx was picking up on his business about “the Fruit” in the Holy Family, hence a critical remark on Hegel. This “animal text” from Hegel shows that Marx’s bit about “the Fruit” was mistaken where Hegel is concerned.

Beyond Commodity Money

6—“if money is the independent existence of value…” Again, is that saying that money is value, if not, what is it saying?

6—“Because of the socially imputed status of “value for itself” its material bearer is of little consequence. Inconvertible paper is equally effective at serving the money functions.” As a dismissal of commodity money, this moves quickly to say the least. The argument seems to turn on an ambiguity: yes, value is “socially imputed” in the sense that it is purely social, not natural, fine. But the implicit argument is that because it is socially imputed that we are in control of money, when for Marx, even though money is purely social; it is more in control of us. Note this argument is repeated on p. 7: “Since this function of money is socially posited, it may be ascribed to something which has no value of its own and whose sole use value is precisely to serve as an incarnation of value; if socially accepted as such, this money has immediate exchangeability as much as any commodity money.” “If socially accepted as such”—isn’t that the rub? What happens when the bottom falls out of a currency? If inconvertible paper just is value, then how could the bottom fall out?

The Measure of Value
8—What would Bailey have said of this definition of value as “power of exchange” possessed by commodities? Would he have taken Occam’s razor to it?
8—“So one sees why money need not be in the value dimension itself; it provides the value dimension.” This statement seems to deny the polarity of the value-form, and it seems too one-sided a statement: money provides the value dimension.
9—Again, when Chris writes that money is “the incarnation of the measurable (value)” is he saying that money is value (as according to the Christian doctrine of incarnation, Jesus is God). If not, what?
9—Here I wonder if Chris isn’t flip-flopping from one extreme to the other: “It is not that the commodities themselves have a common value dimension subsequently given a metric by money. It is our practice of pricing commodities that creates this value dimension ideally.” This sounds as if value is conferred strictly in circulation; instead of value being realized in circulation.
9—Another big “if”: “if fiat money has such a social acceptance then it is a perfect measure regardless of the fact it does not itself embody labor.” Again, isn’t fiat money liable to collapse (of social acceptance) in the way that a commodity money is not?
II
Labor, Value and Exchange-Value
10—In part two of the paper, Chris declares that on the issues of the source and magnitude of value he will “take for granted a labor theory of value.” This seems arbitrary, especially in the wake of the drubbing he gives Marx’s argument in section one.
10—“Labor I take to be the source of value, or what is presented in value terms, and what determines it magnitude, but it is not itself value.” So what is value itself? Money?
11—“value is a power measured in money.” And again, “The immediate measure of labor is time and that of value is money.” For Marx money is the necessary form of appearance of value, but, as congealed socially necessary labor, the intrinsic (but non-appearing) measure is time.

At the beginning of the paper Chris defined value as the “power of exchangeability” but added that this power may depend upon “some feature intrinsic to the commodity.” Now in Part II he has identified labor as the source of value. Does that mean that it is that intrinsic feature that gives rise to the power of exchangeability? If so, doesn’t labor deserve the title of value? In that case the measure of value would be time, not money.
12—The fact that Marx gives values in amount of money throughout Capital does not prove that money, not labor, is the dimension of value. That money is the necessary form of appearance of value is reason enough.
12—Regarding the example, I don’t see why the wage bill won’t be cut in half, which would reduce cost prices and prices of production. Why wouldn’t the prices go down?
12—“The idea that commodities possess an “absolute value” is an illusion: if we know a commodity took six hours to produce we have no notion of how valuable it is until we set this in relation to the socially necessary labor time of other products.” True, but isn’t Marx defending a notion of value as “absolute” and relational at the same time?
12—Here toward the bottom of the page, I take Chris to be saying that money is value. Again, isn’t that to abandon the Hegelian logic of essence, which says that the essence must appear as something other than itself, and to abandon the polarity of the commodity and money forms?
More of the same: “As use-value, gold is also value;” That seems to flatly identify value and money, though the clause that follows is more restrained, “value appears in it as an absolute singularity.”

Money “is self-related value” yet this is so as “a consequence of other commodities reflecting their value in it.” Can it be both? If money simply is value, then doesn’t the polarity of the value-form drop out? Moreover, what does it mean for commodities to have “their value” “reflected” in money if value just is money? Commodities don’t “have” money; does that mean that they don’t have value?

Isn’t the problem with the “labor money” proponents that they don’t understand that value is not simply labor but socially necessary abstract labor? They don’t understand what the “source” of value is, in Chris’ terms.

Nice account of why the “labor money” proposal won’t work.

Of course it is true that immediate, actual labor hours cannot be the measure of value-producing labor. And it is also true that “we do not know how actual labor time translates into socially necessary labor time until after the commensuration through the value-form is effected,” but does that mean that “socially necessary abstract labor” does not have time as its “immanent measure”? Doesn’t this just go to show that Marx’s discussion of value magnitude, while it comes before the exposition of the value-form in the exposition, must already presuppose it? But wasn’t the point of Chris’ 1997 essay (in Moseley and Campbell) that this is how Marx’s dialectic operates: by mutual presuppositions?

“the determination of value magnitudes cannot be reduced to a causal consequence of actual times of production; it is a matter of what informs the social recognition of the product as bearer of a certain value. Whether value is a relation or a power, it is not materially produced.” Yes, but is this any different from what Marx is getting at with his theory of value as congealed “socially necessary” abstract labor?

What role does labor have in the production of value?

Why conclude that “those branches which are more labor intensive have “wasted” social labor, so to speak”? I wonder if this is not taking seriously enough the point that “production price is the finished form of value at the level of concretion of the competition of real capitals.” Doesn’t that mean that whatever gets produced under a system of production prices is what is socially necessary? I think that that must be the case for Marx’s account of production prices to work. If the labor in the labor intensive branches really was “wasted,” then it should have been discounted somewhere in the process of conceiving of the production prices. But it wasn’t to my knowledge.

“It is undoubtedly true that at the root of value magnitudes we find something given to the value form prior to its being formed as value, namely the actual (concrete) labor expenditures. On the other hand it is equally true that such times are thoroughly transformed and translated into ideal magnitudes of socially imputed labor times as a result of the form determination of material production by that of the system of value forms, finally of capitalist competition.” Excellent! But isn’t that what Marx’s theory of value is all about from the get-go? The points that Chris goes on to make on 16 and 17 seem to me rehearsals of what Marx’s concept of the “socially necessary” is all about! Again, on 17, Chris writes, “It is true the actual labor times are a given context [What does that mean, “a given context”?] for the formation of socially necessary labor time but
the form of value is such that what counts socially is distinct from the actual times.” But that’s what Marx’s theory of value is all about.

17—“As it stands Marx’s exposition gives rise to the mistaken view that the value form, and such associated categories as abstract labor, result from the abstraction carried through in exchange alone, as if production were a purely asocial material process.” I don’t see this at all. For one, Marx has begun the book by limiting himself to societies that produce wealth in the commodity form, and it’s quite clear that the commodity is nothing “purely asocial.”

18—The idea that labor is abstract already in production surely goes back in Marx at least to the Paris Manuscript on “Estranged Labor.”

18—“If value is not finally socially cognized except under the full conditions of capitalist production, this means that the distinction between Volume I and Volume III cannot mean that between production and distribution of value.” Superb! Doesn’t this show that there never was a transformation problem because there never was any actual mode of production based on “values” as opposed to “prices of production,” thus there never was anything to transform, no set of (actual) prior prices that had to be transformed?

18—“So I prefer to think of price of production as a more “finished form of value” than “direct” price, rather than as the result of a redistribution of value.” Excellent again. Does this amount to saying that there never was a transformation problem?

19—“Instead of understanding so-called ‘labor values’ as ontologically prior to money prices, the position adopted here is that order and regularity in the interrelations of units of capitalist production is possible only because there is a form of value, namely money, as a precondition for it.” But this is Marx, as I understand him. For Marx, “labor values” are not ontologically prior to money; that misses, among other things, the necessary polarity of the commodity and money forms. What that polarity means is quite simple, without money there are no commodities, and without commodities, there is no value.

19, note 12: I agree with this note, but it is not obvious to me that it is consistent with everything that came before.

Thanks, Chris, for a very stimulating paper.