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The dialectic of the theory of the commodity:

commenting on Sekine's *Dialectic of Capital* and Lange's *Value without Fetish*

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Abstract

Based on Kozo Uno's insight that the substance of value, abstract labour, is not yet presented in the first chapter on the commodity, the author attempts to examine and reformulate the concept of value and the value-forms in *Capital* volume 1, particularly focusing on the concept of the world of commodities; the author argues that the chapter on the commodity should be constituted of 3 sections (1. The world of commodities in the abstract, 2. Disappearance of the world of the commodities, the value-forms, 3. Realization of the world of commodities, the money-form). Uno is the first that proposed this three section constitution, but he lacks this idea; Sekine follows this constitution but fails to recognize its dialectical meaning.

Elena Lange's book, *Value without Fetish*, has criticized Uno's method, defending *Capital*, but her argument is based on misunderstanding of Uno's method.

Finally, the author concludes that Marx's problems with value-forms stem mainly from involvement of the substance of value, abstract labour, in the value-form, and that the first chapter on the commodity can be reconstructed without depending on abstract labour.

Introduction

The author completely agrees with Sekine in supporting Kozo Uno's reconstruction of Marx's *Capital* into the theory of a purely capitalist economy. This theory constitutes three doctrines: the first, three circulation-forms, commodity, money and capital; the second, the operation of the law of value based on socially necessary labour-time in the production-process, the circulation-process, and the reproduction-process of capital; the third, the distribution of surplus value into profit, ground-rent and interest based on the law of equalization of profit rate. Three doctrines, in my view, imply

that the theory should be constituted as a dialectical whole systematized as follows: A. Thesis, presentation of three circulation-forms without reference to the value substance, labour (form-determination), B. Antithesis, determination of circulation-forms by the substance of value (substance-determination), C. Synthesis, restoration of circulation-forms by dominating over the substance-determination, realizing step by step the circulation-forms and hiding the substance-determination.

Further, we agree that the theory of pure capitalist economy, which Uno entitles '*Principles of Political Economy*' and Sekine does '*The Dialectic of Capital*', should be a self-contained and self-synthesizing logical whole structured by a perfect dialectical method. In this context a purely capitalist economy means that 1. all commodity products are produced solely by industrial capitalists and wage-workers (there is no room for small commodity production), 2. the international trade is disregarded (the framework of national economy is assumed), 3. The superstructure of a capitalist society, so-called sphere of politics and ideology, is out of bounds in the theory, reduced to the substructure, capitalist economy). The idea of pure capitalism is not Uno's original; in *Capital* Marx sometimes refers to it, however, he never calls the whole of *Capital* the theory of pure capitalism. Anyway, a pure capitalism is distinct from a mere imaginary assumption made by orthodox economist's model-building. Its abstraction has the foundation in the historical tendency of the 19th century English capitalism toward a liberal capitalism, which had a tendency to develop independently from the state intervention in capitalist economy.

As his title suggests, we can regard Sekine's work as his attempt to develop Uno's *Principles* into more rigorous dialectical whole, and Sekine insists that the theory is unable to fully understand without understanding the Hegel's dialectic of *Logic*. Thus in his book he examines in each chapter the correspondence of his theory to Hegel's *Logic*. On this point, however, I disagree with him; the dialectical whole of a pure capitalist economy is, considered to be composed of so much self-sustained coherent logic that, in my opinion, it can and should be understood by itself without the assistance of Hegel's *Logic*.

It is an intriguing theme to compare the logic of *Capital* with Hegel's *Logic*, but in a current situation where the reformulation of *Capital* into a dialectical whole remains still incomplete it seems to me hazardous to

attempt to understand *Capital* with helping hand of Hegel's dialectic, since we are yet unable to conceive that Hegel has already completed the dialectic.

Therefore, my comments on Sekine's *Dialectic of Capital* focus on whether or not his exposition of his logic is fully dialectical or not, omitting his reference to Hegel correspondence. I would like to comment in three instalments; the first paper focuses on Sekine's dialectic in the chapter on the commodity, the second on his dialectic of the second doctrine, particularly the value formation and augmentation process, and the third on his dialectic in the transformation of value into the prices of production. This paper is the first one.

Before going to examine Sekine's dialectic in the opening chapter on the commodity, we have firstly to confirm Uno's reformulation of Marx's *Capital* into a dialectical logical system.¹

1. Uno's dialectical reformulation of *Capital*

Although *Capital* is composed of three volumes, substantially it is divided into two logical levels; the one where the law of value directly operates (Volume 1 and 2), and the other where the production price prevails with the law of equalization of profit-rate caused by capital competition (Volume 3). In *Grundrisse* Marx refers to the former as 'capital in general', and the latter as 'capital in competition'. In the former the fluctuation of price is assumed to converge on a gravitational price based on a value determined by socially necessary labour-time,² whereas in the latter it is assumed to converge on a transformed gravitational price, namely production price or prices of production.

Uno divided his *Principles* into three levels, as mentioned above, in 1950 in Japan. Uno relocated the law of value to the second level where the labour and production are for the first time introduced as 'the labour process' in *Capital* vol.1. In the first level, Uno presents commodity, money and capital

¹ Uno's *Principles of Political Economy* (1980) is English translation by Sekine from the abridged version *Principles of Political Economy* (Keizaigenron in Japanese, 1964). It is too short to know the dialectical structure of Uno's *Principles*. It is necessary to read the larger original version (1950,1952, now Vol.1 of Uno's Collected Works, 1973) in order to understand Uno's dialectical constitution; its English translation is desirable.

² Conventionally, the terms such as deviation of price from, or identity of price with value, are conveniently used. However, the two never share the same level of category, so they are unable to be directly compared with each other; as far as they are reduced to the same level of price, they can be compared in quantity.

as circulation-forms, with which the law of value is able to operate later in the second level. The circulation-forms are developed without reference to labour or production, in other words, the substance of value. Priority of circulation forms to production stems from the fact that capitalism is a market economy. Transition of the first level to the second means the establishment of the law of value in capitalism based on the production-process of capital. Transition from the second level to the third is that from value to production price, which Marx calls the transformation of value into production price, currently referred to as the transformation problem.

Uno considers the first step to reformulate *Capital* into a dialectical whole system is to reconstruct it into the three dimensions above-mentioned, because he conceives that his three doctrines more fittingly represent the dialectical constitution: A. Thesis, B. Antithesis, C. Synthesis of capitalist economy than that of three Volumes of *Capital*. Although at present supporters of this method worldwide are restricted, Sekine is one of representative supporters of this method.

In the theory of a purely capitalist economy, the established capitalist economy is given as the object of analysis of political economy; first the object is analyzed from the most concrete concept step by step to the more abstract one after another, finally reaching to the most abstract one, the commodity (Marx's descending process of investigation). Theory starts conversely with the most abstract concept, the commodity, and reconstruct the more concrete step by step one after another finally completing the purely capitalist economy (Marx's ascending process, the presentation of theory); the theory of a purely capitalist economy is not only the starting point but also the final completing point; the full comprehension of the theory should be considered to be the unity of the two processes.³

The second process, the dialectical development from the commodity to the establishment of a purely capitalist economy, never means that capitalism arose from historical development of the commodity. The first dimension of circulation-forms means that market economy arose from the development of the commodity through money to capital $C - W - C'$ and $C \dots C'$. The

³ Marx showed this dialectical method of analysis and presentation firstly in the introduction to *Grundrisse*, 'on the method of political economy'. At that time, however, Marx was not yet sure about what is the starting concept nor the terminal one. By discovering the starting point as the commodity and the terminal as a completion of capitalist mode of production Marx confidently set out to work on *Capital*.

industrial capital or capitalism by no means arose directly from the development of circulation-forms, although a remarkable world-wide expansion of market economy was a historical precondition for the emergence of capitalism.

Capitalism is a market economy but all market economies always did not develop into capitalism; this is evidenced from the fact that all kinds of pre-capitalist market economy flourishing in the East and the West were not successful in developing into capitalism; only in Western Europe, particularly in England, and for 16th--18th century, market economy has transformed into capitalist economy. In other words, from the first dimension of circulation-forms never directly follow the industrial capital; this suggests that there is a logical leap between the first dimension and the second.

Sekine calls the commodity, the opening category, 'the embryo of capitalism' (Sekine 2019, p.83); but I disagree with this. Marx calls it 'cell form' of capitalism. According to Sekine's view, capitalism had evolved necessary from the commodity; this is liable to be misunderstood as the commodity-economic conception of history, which Uno was used to rigorously criticize.

The reason why we are able to jump over this conjuncture is, in my view, that a purely capitalist economy has been already set up as the object of inquiry; in the opening chapter on the commodity the world of commodities does not include a commodity labour-power, but when industrial capital emerges the labour-power is included in the world of commodities; this change takes place owing to the presupposition of the purely capitalist economy as an object of inquiry.

Uno suggests that developing the transition from capital $G—W—G'$ and $G—G'—W$ to the form $G—W...W'—G'$ inevitably involves somewhat of historical background; however, I don't agree with this view. Sekine states, 'circulation-forms implicitly involves production-process'. I disagree with this remark as well. Only with the emergence of a commodity labour-power, is it possible to determine the value of a commodity as abstract or social labour in the production-process of capital, and the law of value is able to operate.

Those people interested in the dialectic of *Capital* should in the first place examine which method, Marx's or Uno's, is more consistent and dialectical

in logic.⁴

2. Problems with Sekine's theory of the commodity

Sekine correctly follows Uno's method, and investigates the commodity without reference to labour or production, and reformulates the chapter on the commodity into three sections, following Uno who omitted the substance of value, labour, in the chapter on the commodity:

**1, two factors of a commodity, value and use-value,
2, the value-forms (the simple, the expanded, and the general value-form)**

3. the money-form

Sekine's theory of the commodity, however, uses frequently such terms as seller, purchase, price, moneyness, so on, before the money-form is not yet presented. Those terms are defined for the first time in the money-form, that is, the expression of commodity-value in price. Those terms can be defined only when money appears in the theory. Therefore, to explain abstract concepts prior to the money-form by using such terms is questionable and contradictory to dialectical logic.

In the first section on two factors, value and use-value, Marx defines the value of a commodity as objectified abstract labour. Uno, rejecting the substance of value in Chapter 1 on the commodity, defines the value as the homogeneity only different in quantity, shared by all commodities; Sekine describes it as 'the social worth or significance (or perhaps even the moneyness) (ibid, p.87). In my view, Uno's definition of value are not wrong but insufficient because it lacks the reason why value is homogeneity different only in quantity. Marx's answer is simple and clear, because value is objectified abstract labour.

Uno and Sekine must explain it without reference to it; in my view, because the commodity possesses a hidden innate nature that any commodity can exchange for any other, so it can have value as homogeneity only different in quantity. This consequently means that all commodities constitutes a world in which every commodity constitutes an integral component part of the world of commodities⁵.

⁴ All authors participating in Moseley and Smith ed. *Marx's Capital and Hegel's Logic* 2014, strangely enough, make no comment on either Uno's method or Sekine's.

⁵ This term was frequently used for the first time in *Capital* vol. 1 (in *Critique* only once), in which the theory of the value-form for the first time appeared. I do not think

The commodity is defined as a use-value having this social quality; we can define it as a use-value bearing value. In the first section we can define the commodity as a unity of value and use-value. However, value is a social property whereas use-value is a natural physical property; therefore value never springs from use-value, therefore use-value as a bearer of value contains contradiction: this is the so-called contradiction between value and use-value.

Based on this innate nature of commodity every commodity-owner wishes to exchange his/her own commodity for a commodity whose use-value he/she desires; hence mutual direct exchange becomes in general impossible because desires of two commodity exchangers hardly match, not to mention in the same exchange rate; therefore direct commodity exchange between all commodities falls into impossibility. If direct commodity exchange happens, this is not an accidental commodity exchange but exchange of use-value, barter, not a commodity exchange. This is the reason why the world of commodities without money never comes into reality; however, this never implies that the world of commodities without money makes no sense but that it remains as an abstract entity.⁶

Sekine states, 'A commodity can be viewed as a value by its seller, just as it can be viewed as a use-value by its purchaser.' (Sekine 2020, vol.1, p.91).

We can understand that his emphasis on the view point of seller stems from his critique of orthodox economics which tends to view the commodity from the point of purchaser; however, as long as dialectical consistency matters, we have to call his explanation into question.

Sekine's presentation of value and use-value is nothing but an explanation in the money-form. In the first section, value and use-value, must be explained without reference to seller and purchaser, because sale or purchase can be meaningful only when money appears.

Value, in this sense, is that which concerns the seller, not the purchaser, of the commodity. The seller is not its user or consumer, and so cannot take an interest in its use-value. Indeed, from the point of view of the seller, the

this is a mere coincidence. I am convinced, as later elaborated, that this term is crucial to understand the logic of the commodity.

⁶ The world of commodities is originally a world created by all commodity owners. But they all want to exchange their commodities avoiding direct contact. As a result a world of use-value owners appears as the world of commodities.

commodity is a useless object which can be discarded if it fails to be purchased (Sekine, *ibid*, p.88).

The owner of a commodity takes no interest in the use-value of his/her own commodity but does interest in how much amount he/she parts with in exchange. The owner takes no interest in his/her own use-value, not because he/she is an implicit seller but because he/she owns it for exchange. It is inappropriate to assume an implicit seller in this context.

To consider a commodity from the point of view of its owner is mandatory for the dialectic of capital, as he appears at the present level of abstraction, simply as a seller of the commodity. Being an implicit capitalist the seller has already specialized in owning a single kind of commodity...(*ibid*, p.88).

Sekine's remark that the owner of a commodity is an implicit seller, and moreover that money owner is an implicit capitalist makes unclear the genuine meaning of seller or capitalist when they are used at inappropriate place.

Sekine's reference to those terms in the next section on the three value-forms, as well is misleading and not dialectical.

In his simple value-form, a bottle of wine = three pounds of butter, Sekine states,

'Three pound of butter is already an immediate purchasing-power of a bottle of wine, by virtue of the fact that the owner of wine has already proposed a trade in these terms' (*ibid*, p.97).

In the simple value-form, **20 yards of linen = 1 coat**, Marx correctly points out 1 coat (the equivalent commodity) acquires the immediate exchange-ability with 20 yards of linen (the relative value-form), but Sekine changes exchange-ability to 'purchasing-power'. The reason why 1 coat acquires the exchange-ability is that the linen owner 'has already proposed a trade' wanting 1 coat to many unknown coat owners. This is correct. Therefore the immediate exchange-ability is conditioned by the linen owner's prior proposal, whereas the purchasing-power of money gold is not conditioned by commodity owners' offer of exchange; gold has won an unconditional, absolute exchange-ability; this is the purchasing-power. Sekine's remark that the equivalent commodity has 'an immediate purchasing-power makes

unclear the distinction between the equivalent commodity and money gold.

3. Issues of the value-form lacking in Uno and Sekine

Most people who think the simple value-form is the value expression of 20 yards of linen commodity with the use-value of 1 coat commodity, based on the equal amount of objectified labour as Marx claims. Value expression without the basis of equal amount of labour-time between the two commodities is unthinkable. In the beginning, however, we must recognize that the commodity in the first chapter is not yet determined as a labour product. Use-values become a commodity when they are plunged into a specific exchange relationship between their owners (offer of exchange) irrespective of whatever process they were born from. This does not mean that the commodity is not a labour product but that it is immaterial for the commodity-form whether a commodity is a labour product or not. The idea of the commodity-form not based on labour originates from Uno, which Sekine and the author follow; however, in this paper I want to develop my own idea in more detail emphasizing the difference from them.

In order to develop the theory of the value-form, we need, outside the theory, to suppose even at this abstract stage the primitive market, where use-values are supposed to be exchanged without the mediation of money. Historically, it is true that market economy originated from direct exchange of use-values, barter, but all kinds of barter have developed into commodity exchange, only those barter avoiding a direct contact between person and person or community and community had developed into commodity exchange, and further into the market. Marx's insight that commodities arose at the borders of foreign primitive communities matches my idea. I call this kind of barter the primitive market.

Those commodities dealt with in the theory of the value-form are those abstracted from a pure capitalist economy, not historical primitive commodities; however, when abstracted from money, they emerge as mere use-values presupposing a kind of the primitive market outside the theory.

In the beginning of the second section on the value-form, all commodities emerge as mere use-values because they cannot exchange their commodities mutually; they end up having no value; when money is abstracted from the world of commodities disappears.

However, when the linen owner wanting a coat offers an exchange for 20

yards of his/her own to many unknown coat owners, observing the primitive market without contact with coat owners, the exchange ratio between linen and coat offered by the linen owner is forced by a normal ratio arising from repeated exchanges in the primitive market.⁷ As long as the linen owner's offer of exchange of 20 yards of linen for 1 coat, has these implications, 20 yards of linen has a value equal to that of 1 coat and becomes a commodity (the relative value-form or the relative commodity-form). In this exchange-offer activated by the linen owner, at the same time 1 coat, by acquiring the direct exchange-ability for 20 yards of linen has a value and becomes a commodity (the equivalent value-form or the equivalent commodity-form).⁸ This is the simple value-form:

20 yards of linen commodity = 1 coat commodity.

I wish to draw attention to the fact that my definition of the relative value-form and the equivalent form differs from Marx's in *Capital*.

Marx's definition of the relative value-form is a commodity which expresses its value in the use-value of another commodity, and that of the equivalent form is a commodity used as the material for the value expression. Most Marxian economists have for a long time followed this definition; Uno and Sekine are no exception. As the definitions of two opposing but complementary value-forms, two poles, they are insufficient and faulty because they are the definitions of the two forms in the money-form, not in the simple value-form. Marx applied the two definitions extracted from the money-form directly to the simple value form.

Marx correctly points out:

...we have to show the origin of this money-form, we have to trace the development of the expression of value contained in the value-relation of commodities from its simplest, almost imperceptible outline to the dazzling

⁷ In the first doctrine, circulation-forms, value is assumed to be decided in the world of commodities. The reason why repeated exchange or purchase and sale tend to converge on a gravitational rate or price is that value is determined by the world of commodities.

⁸ My view that the value of a commodity arises through the value-form is against conventional Marxian economist's idea that value arises in production not in circulation. In the second doctrine, in the production process of capital the value is determined by socially necessary labour-time; however, even in this case fluctuating price is regulated by value, not directly by socially necessary labour-time. Value determination in the value-form is the most abstract and basic value determination.

money-form (Marx 1976, p.139).

But he was short of complete success in abstracting ‘its simplest, almost imperceptible outline’, the simple value-form, out of the dazzling money-form.

When Marx states, following this sentence, ‘The simplest value-relation is evidently that of one commodity to another commodity of a different kind (it does not matter which one)’ (ibid. p.139), his failure begins. A characteristic of Marx’s simple value-form lies in that the linen owner can express the value of 20 yards of linen commodity with 1 coat without his/her desire for the use-value of 1 coat commodity. This idea stems directly from the value expression of commodities in price, i.e. the money-form.

This is the reason why Marx calls the expanded value-form the total value-form, and assumes that any commodity has a possibility to be selected as a general equivalent commodity. This basic Marx’s idea of the value-form penetrates his three value-forms. However, this idea is wrong, because as long as the linen owner wants 1 coat in exchange for 20 yards of linen of his/her own, the value of 20 yards of linen commodity can be expressed in the use-value of 1 coat commodity.

In the unilateral linen owner’s offer of exchange without contact with any coat owner it is the linen owner who decides the ratio of exchange; however, he/she can never decide it as he/she wishes because his/her decision never fail to be enforced by market situation where linen and coat are supposed to be traded repeatedly. This ratio shows the objectivity of value for the exchange offered; exchange ratio never determines value but value does the ratio.

The linen owner thinks, observing the primitive market, as follows; it is advantageous to exchange less than 19 yards for 1 coat but the exchange will be difficult; with more than 21 yards the exchange for 1 coat will be easier but it is disadvantageous; after vacillating between the two ratios the owner finally decides that 20 yards of linen = 1 coat will be an appropriate ratio and offers his/her exchange in the market. Only in such a context are 20 yards of linen and 1 coat able to acquire a value in the relative form and in the equivalent form respectively, and to become a commodity respectively. This is the simple value-form.

We can explain value and the simple value expression without the

presupposition of abstract labour or the substance of value. This is the linen owner's offer of exchange to unknown numerous coat owners in the primitive market. The coat owner does not show up yet, so this is the linen owner's expectation for exchange, not a realized commodity exchange. Marx's value-form theory is ambiguous on this point, often assuming two commodities to be exchanged.⁹

Unlike barter that is composed of one phase, commodity exchange has two phases: the offer of exchange by the commodity owner in the relative value-form (linen owner) and the realization of exchange by the opponent commodity owner (coat owner) in the equivalent form. Since the latter phase is actually executed by money owners as purchase, this phase belongs to the chapter on money as the measure of value. Value expression of a commodity concerns exclusively the first phase. This is the reason that even the money-form (expression of commodity value in price) belongs to the chapter on the commodity. It is the offer of exchange by commodity owner for money.¹⁰

The innate nature of a commodity of mutual exchange-ability, in fact, prevents the realization of mutual exchange; this means that it is impossible for a use-value to directly have a value, and that the world of commodities without money has no real entity, hence remaining as an abstract entity.

Consequently, the second section, the value-form, starts with disappearance of the world of commodities, thus with use-values without value. I have already explained how linen and coat can acquire a value and become a commodity through the linen owner's offer of exchange as a relative commodity-form and an equivalent commodity-form, respectively. The same principle of value expression holds in the expanded and the general value-form as well.

Uno and Sekine left the relationship between the section 1 on two factors, value and use-value and the section 2 on the value-form unexplained, and

⁹ Rosdolsky (1980) considers that theory of the value-form is three stages of realized commodity exchange (p. 118).

¹⁰ Marx calls the simple value-form '20 yards of linen are worth 1 coat', but correctly we must say *the linen owner thinks* 20 yards of linen are worth 1 coat. This holds true in all value-forms including the money-form, which is subjective value expression by commodity owners in the relative value-form. The claim that value expression is subjective is not the same as that value is subjective. Without recognition of this distinction Lange regards Uno's value-form theory as having 'roots in neoclassical economics' (Lange 2021, p.197); this makes no sense.

that between the expanded and the general value-form unsolved. Particularly Uno's setting the linen as the general equivalent, following *Capital*, is problematic.

Sekine points out the necessity of the linen owner's desire for the use-value of 1 coat, however, this remark is in contradiction with his fundamental assertion that the relative value-form is a view point of its seller, because the latter's concern is to exchange his/her commodity for money, value object, not the use-value of gold.

Usually most people tend to consider that the value-form starts with the value of 20 yards of linen commodity, and then it is expressed with the use-value of 1 coat commodity, just as Marx explains it based on equal quantity of socially necessary labour-time. In our view, value expression in the simple value-form starts with the use-value of the equivalent commodity the owner in the relative form wants, and then the linen owner, adjusting appropriate quantity of his/her commodity to the equivalent commodity, 1 coat, offers an exchange; therefore the value of 20 yards of linen is decided later. We cannot start with the value of 20 yards of linen.

This insight was first shown by Uno, but remains yet fully developed in Uno and Sekine.

4. Lange's criticism of Uno as Baileyan

Lange points out two Uno's defective interpretations of the value form; 1, the issue of the desire for 1 coat by the linen owner, and 2, the dissociation of abstract labour from theory of value-form (Lange 2021, p. 236). As I have already explained the first issue, here I treat the second one. The issue begins with Uno's denial of abstraction of 'the third thing' as value, that is, objectified abstract labour, out of the commodity exchange between 'corn and iron'. Uno claimed that since direct reduction of two commodities into common third thing as value is impossible, the expression of the value of a commodity with money, in price, becomes necessary.

Lange opposes to this idea stating, 'But it is not money that express the possibility of that reduction, it is abstract labour...Money is only the form abstract labour assumes in the process of exchange', and concludes, 'For Uno commensurability is not generated by a 'third thing'...but by money itself. There can be no doubt: Money substitutes the 'third thing' (ibid. p. 223).

At first we have to examine whether or not Marx's definition of the value of

a commodity as objectified abstract labour by exchanging two commodities, 'corn and iron' is validated. Commodities is unable to be directly exchanged; if it would happen this is not an accidental commodity exchange but a barter. As I have explained earlier, commodity exchange can occur only at two phases: offer of exchange by the owner in the relative form and realization of the exchange by the owner in the equivalent form; the former belongs to value expression, i.e. the value-form, and the latter to the measure of value, i.e. the chapter on money. Consequently, to deduce common substance from direct exchange of two commodities is not viable.

However, in order to express the value of a commodity with the use-value of another, it is true that the two commodities must have the same social quality as value; the two must be commensurate. Marx thought the two commodities, when directly exchanged, are reduced to value, at the same time to abstract labour, because exchange of the two commodities implies an abstraction from two different use-values into value, and at the same time from different useful labours into abstract labor. But the direct exchange between two commodities is not viable, how can we make them commensurate?

In my view, abstraction from use-value into value occurs in the exchange-offer relationship set up by the linen owner, i.e. the simple value-form; when the linen owner decides 20 yards in exchange for 1 coat he/she wants, enforced by the primitive market, 20 yards of linen acquires a value in the relative form, and 1 coat has a value by obtaining a direct exchange-ability with 20 yards of linen in the equivalent form. Abstraction from use-values into value is made differently in two poles respectively. In this way two use-values becomes commensurate as values in the relative form and in the equivalent form. Consequently, the 20 yards of linen commodity is expressed with 1 coat that the linen owner wants.

If there is no commensurability as value between two commodities, value expression is inviable. But the point at issue lies in the fact that the commensurability exists only in a relationship between a commodity in the relative form and another in the equivalent form. In this sense, neither classical economists seeking value in expended labour nor Marx defining it in objectified abstract labour was successful due to their lack or insufficiency of understanding of the value-form. We can find 'a third thing'

as value in the simple value-form without relying on abstract labour.¹¹

Lange accepts Marx's definition of value of a commodity as objectified abstract labour by deducing value from the commodity exchange between corn and iron. For Lange following Marx, the simple value-form means that as long as 1 coat becomes the appearance of abstract labour constituting the value of 20 yards of linen, the latter value is expressed with the use-value of 1 coat. The same holds true in the money-form as well, value expression with money. According to Marx all commodities are able to express their values with money in price because all different useful labours constituting all commodities are reduced to abstract labour in money; money is an incarnation of abstract labour. Therefore, she claims that Uno's theory of value-forms including the money-form in separation from abstract labour is totally mistaken. Her argument is correct as far as interpretation of the text on value-form in *Capital* is concerned. However, what we are concerned with is logical validity of the value-form. If Marx's theory is faulty, her assertion will commit the same errors.

With the simple value-form, I have pointed out how involvement of abstract labour disrupted Marx's simple value-form such as: insufficient definition of the relative value-form and the equivalent value-form, irreversibility of two poles, vague distinction between the expression of value and the measure of value, so on, and have presented reconstruction of the simple value-form without association with abstract labour.

With the money-form as well, we can point out, in the next section, Marx's defects caused by his reference to abstract labour. The following is Marx's remark in the measure of value in *Capital*, but when 'measured' and 'measure' are replaced for *expressed* and *expression* respectively this sentence is perfectly applied to Marx's money-form as well:

It is not money that renders the commodities commensurable. Quite the contrary. Because all commodities, as values, are objectified labour, and therefore, in themselves commensurable, their values can be communally *measured* in one and the same specific commodity, and this commodity can be converted into the common *measure* of their values, that is into money (Marx

¹¹ Basically, the idea that commodity exchange produces abstract labour as Rubin claims, is wrong. Abstract labour or social necessary labour is produced in the social division of labour in the second doctrine (Nagatani 2022).

1976, p.188).

However, if commodities are directly commensurable as values, i.e. objectified labour from the outset, there is no need to express the value of a commodity indirectly with money; money is regarded as convenient device to avoid inconvenient direct exchange. This is the reason that the problem, the necessity of money for commodities, had never occurred to classical political economy, and this explains why their labour theory of value overlooks the value-form.

Marx's emphasis of commensurability of commodities prior to money contains a risk to be fallen into the same error as the classics'. However, on the other side, saying 'money renders the commodities commensurable' is completely wrong as Marx correctly point out; this is the path Bailey opened stating that a commodity has no intrinsic value because value is nothing but a relation between commodity and commodity, or commodity and money, price; he denies commensurability within commodities.

As a consequence we have to face an unsolvable antinomy: presupposition of commensurability makes necessity of money for commodity unnecessary to explain, but without commensurability we cannot explain necessity of money.

In my view this problem can be solved with the logic of the value-form. As I mentioned earlier, direct exchange is not a commodity exchange; it takes two phases, offer of exchange and realization of exchange; the former is expression of value, value-forms including the money-form, and the latter the measure of value. Without commensurability between two commodities the value expression is inviable, but I emphasized that commensurability lies not directly between 20 yards of linen and 1 coat as objectified labour, but between 20 yards of linen in the relative form and 1 coat in the equivalent form; hence we can explain the value of 20 yards of linen in the relative form with 1 coat in the equivalent form without relying on abstract labour; rather its reference hinders the grasping two poles in the value-form.

Regarding the money-form the same holds true. Only when all commodities except gold stand in the general relative form, and only gold is placed in the universal equivalent form, all commodities including gold becomes for the first time commensurable and acquires value individually constituting the world of commodities in reality. Money does not, for the first time, render

commodities commensurable but they have an innate commensurability as value in the world of commodities in section 1; because of impossible direct exchange the world without money is never realized, but remains in the abstract. Only when all commodities express their values with money, for the first time the world of commodities is realized and all commodities and money gold become commensurable in reality. In this way, the necessity of expression of the value of a commodity with money is explained.

Indeed, the idea that money for the first time renders commodities commensurable is wrong, but Marx's counterattack that 'Quite the contrary. Because all commodities, as values, are objectified human labour, and therefore in themselves commensurable' does not solve the issue. The reason for being 'in themselves commensurable' stems from their innate nature of mutual exchange-ability, not objectified abstract labour.

The insufficiency of Marx's remark above comes from his incomplete understanding of the value-form. His discovery that the key to solving the necessity of money for commodity, which classical political economy had completely lost sight of, lies in exploring the equivalent value-form was to the point and epoch-making, but his value-form remains incomplete; his deep association with abstract labour in the value-form seems to remarkably obstruct his theory of the value-form.

Certainly, Bailey's critique of an intrinsic value in the commodity comes from the idea that money for the first time renders the commodities commensurable; when Marx made the remark above quoted, surely he will think of Bailey. Uno's denial of reduction of value as the third thing in the exchange between two commodities is correct, but his remark on immediate commensurability by money is inappropriate. Pointing to this, Lange declares, for Uno 'money substitutes the third thing', and concludes that Uno is a Baileyan. But this conclusion is too hasty and biased, because Uno admits an intrinsic value in the commodity in the section 1, and develops the value-form as the appearance of value; in this sense Uno's value theory has nothing to do with Bailey who claims against Ricardo that value is a relation between two commodities or price, therefore a commodity has no intrinsic value.¹²

¹² Lange's criticism of Uno is based on Marx's critique of Bailey in *Theories of Surplus-value* (Marx 1971). However, at that time Marx did not yet succeed in discovering the value-form. In order to completely criticize Bailey, theory of the value-form is crucial; therefore, we should consider that Marx's critique of Bailey there is not yet sufficient.

As examined earlier, Uno's remark that commodities can be reduced to the third thing as value only through money remains problematic but he made efforts to solve this issue through the development of the value-form based on value immanent in a commodity; at least he has clarified that presupposition of abstract labour as commensurability is not its solution.

5. Distinction between the general value-form and the money-form

Marx discovered that the immediate exchange-ability 1 coat has won in the equivalent form is the germ of money, but he never calls it 'the immediate purchasing- power' or 'little money'. Marx and Uno never sufficiently explain about the reason why 1 coat has acquired the direct exchange-ability, nor about the difference between the general equivalent form and the money-form. In my view, the immediate exchange-ability of 1 coat is still conditioned by the fact that the commodity owner of linen has set up 1 coat as an equivalent commodity he/she desires, whereas the immediate exchange-ability of money which gold has finally won is no longer conditioned by joint desires of all (except gold) commodity owners; as unconditional monopolist of immediate exchange-ability gold has become money and turned all commodity exchange into monetary exchange; then for the first time purchase or sale arises in the-money-form. We can use purchasing-power in the money-form. When it was used in the simple value-form, its limitation compared with money-form becomes unclear, and we will lose sight of why and how the immediate exchange-ability develops into money.

From **20 yards of linen commodity = 1 coat commodity** never automatically follows 40 yards = 2 coats, 200 yards = 10 coats, or so on, because at this moment the owner of linen does not want 2 or 10 coats, not to mention at the same ratio. Only in this specific exchange relation set up by the linen owner can 20 yards of linen and 1 coat have values in the relative form and in the equivalent form respectively; this means that in the simple value-form use-values, linen and coat, as such have not yet fully acquired values, but have values only in restricted relationship set up by the linen owner. In the general value-form, only several equivalent commodities, most luxurious and prestigious metals such as copper, silver or gold, stand side by side as

His value-form is not yet complete even in *Capital*. We should not be content with Marx's critique of Bailey there.

general equivalent commodities enjoying wider exchange-ability for many commodities in the relative form.¹³ They are still dependent on the joint desire for the same use-value of the equivalent commodity by numerous commodity owners in the relative form. Consequently the use-value as such of neither the relative commodities nor the prestigious general equivalent commodities have not yet completely acquired values respectively. This is the reason why in the general value-form the unification of the equivalent commodity has not yet attained.

For the first time in the money-form, when the unification of general equivalent commodities has achieved, the independence of the general relative value-form and that of the general equivalent value-form occur simultaneously. Consequently, the use-value as such of all commodities in the general relative form has acquired a value, and gold commodity in the general equivalent form has won a value and overall exchange-ability by nature. In the money-form, the commodity-form has finally been accomplished, and at the same time gold commodity has become money.

Accordingly the value expression of all commodities by commodity owners, observing the market where purchase and sale recur every day, comes to start with the value of all commodities he/she wants to exchange, adjusting an appropriate amount of money gold; this value expression is a converse direction to that of the value-forms. Consequently, usually the value expression of a commodity, price-form, is made with a unit price because all amount of commodity can be regarded as having the same price per unit; the requirement of money that its use-value must retain the such quality as unchanging, divisible, combinable. From 20 yards of linen = 1 coat never follows 1 yard of linen = 1/20 coats. Marx's 10 yards of linen = a half coat makes no sense.

¹³ Marx introduce the general value-form from the reversal of the total value-form. The characteristic of the value-form lies in that the relative value-form and the equivalent form is never reversible; when reversed it turns into another value-form.

Elenor Lange says 'But this does not mean the equation cannot be reversed, or the meaning of the "equation" would be lost, hence, the argument for polarity Marx makes is entirely different one than Uno (and his followers today) believe; it merely requires that two qualitatively different commodities opposes each other in the value expression...(Lange 2021, p. 185).

Because the relative form and the equivalent form is never reversible, the two value-forms can be said asymmetrical and composes two opposite poles. Marx's reversal is contradictory to the principle of the value-form.

6. The dialectical constitution of the theory of the commodity

The first chapter on the commodity in *Capital* vol.1 is constituted of 4 sections:

1. **The two factors, use-value and value.**
2. **Dual character of labour, useful labour and abstract labour.**
3. **The value-form; the simple, the expanded, and the general value-form.**
4. **The fetishism of the commodity.**

The second chapter is **The process of Exchange**, and the third chapter is **Money**.

As has been examined so far, Marx's theory of the commodity constituted above has contained not a few problems, which are closely connected with Marx's presentation of the dual nature of labour and the substance of value as abstract labour. In our view, however, dual nature of labour can be introduced later in the Labour Process (*Capital* vol.1, Chapter 7, Section 1), and the substance of value can be presented in the value formation or Valorization Process (Chapter 7, Section 2).¹⁴

When labour and production are deleted from this chapter, and reformulated as a theory of the commodity-form, how is the chapter reconstituted? A new constitution was already presented by Kozo Uno in 1950 in Japan; it consists of three sections (Uno 1973):

1. **The two factors of the commodity: value and use-value**
2. **The value-form: a) the simple value-form**
 - b) **the expanded value-form**
 - c) **the general value-form**
3. **The money-form**

Uno did not left no explanation for this method. I explain how excellent this constitution is, based on my own idea.¹⁵

¹⁴ This issue is elaborated on in Nagatani (2022).

¹⁵ A feature of Uno's constitution of the chapter on the commodity is that it drops the section on the fetishism of commodity. However, my view is somewhat different from Uno's. I think the fetishism of commodity should be integrated into the theory of value-form. I am preparing for another paper discussing this issue.

Naturally, Uno relocated the determination of the value of a commodity by abstract labour or socially necessary labour, and the dual nature of labour to the second doctrine. He dropped the section 4 on the Fetishism of Commodity. For Marx the fetishism of the commodity implies the objectification of abstract labour as value. For Uno abstract labour should not developed in the first chapter. The chapter 2 on the Exchange Process are dropped as well, because for Uno the value-form is the offer of exchange by a commodity-owner in the relative form, not the mutual exchange process. There is no room for the Exchange Process in a purely capitalist economy.¹⁶

A point to which the most attention is to be drawn is the position of the money-form; in *Capital* it is placed as the fourth value-form following the general value-form; Uno gives the money-form the role to unify the section 1 and 2, concluding the theory of the commodity.

In Section 1 Uno defines the value of a commodity as homogeneity shared by all commodities; the same in quality only different in quantity and a component part of social total values. Uno and Sekine did not explicitly use the term ‘the world of commodities’ there; however, I think the definition of value in Section 1 is given in this world, even with money abstracted from. Section 1 constitutes the unity of value and use-value; A, value, B, use-value, C, commodity. In Sekine’s constitution C is exchange-value. I cannot agree with it.

This world without money never appears in reality because a direct exchange of commodities is an impossibility; in the attempt to exchange commodity mutually every commodity owner wants another commodity whose use-value he/she desires but mutual desires hardly match; direct commodity exchange never occurs in general. Consequently, the world of commodities without money is never realized in reality. This means that the world of commodities without money is an abstract entity hidden within the nature of the commodity. Thus Section 1 is the world of commodities in the abstract. Consequently, an individual commodity in isolation without money is in actuality unable to have a value, and turns into a mere use-value.

Section 2, the value-form, presents how mere use-value acquires a value and becomes a commodity in the relative form or in the equivalent form,

¹⁶ Arthur is only one participant in *Marx’s Capital and Hegel’s Logic* (2014), that accepts the chapter on the commodity as a theory of commodity-form without the substance of value. However, he admits the Exchange Process.

when the owner of the relative form offers his/her own commodity in exchange for the equivalent commodity he/she wants. The process from the simple value-form through the general value-form is how and to what extent use-value, step by step acquiring a value, is consolidated as a commodity.

Even in the general value-form where the general equivalent commodities are restricted only to a few precious and the most prestigious metals, its wide direct exchange-ability is conditioned by many commodity-owners' joint desirer for the same use-value of general equivalent commodity; therefore its use-value as such has not yet fully acquired value.

In Section 3, the general equivalent form has been, for the first time, unified exclusively into gold commodity, and the independence of the general relative form and that of the general equivalent form have occurred at the same time in two opposite poles; the former is the completion of the commodity-form, and the latter the emergence of money. Every commodity appears from the beginning to have an immanent value and expresses its value with money gold, normally in unit price.

Gold has acquired overall direct exchange-ability, that is purchasing power as physical property of gold and becomes a value object which all commodity-owners want to exchange because money has monopolized a power to exchange any commodity.

The world of commodities in the Section 1 is an abstract entity as yet luerealized. In Section 3, the money-form, when all commodity owners express the value of their commodities with the quantity of money gold in price, the world of commodities for the first time has become a reality.

The money-form is not a mere extension of the three value-forms, i.e., the fourth value-form; in the transition from the general value-form to the money-form an essential change occurs; the money-form is the unification of Section 1 and 2. The first section presents the world of commodities in the abstract, in next section the world of commodities disappears, but instead a use-value in the relative form (20 yards of linen) acquires a value and becomes a commodity, and a use-value in the equivalent form (1 coat) has a value and becomes a commodity. This tendency develops further in the expanded value-form and the general value-from.

In the third section, with all commodities (except gold) lining up in the relative form and with only money gold standing in the general equivalent form, the world of commodities is established in reality. This logical

constitution of the chapter on the commodity shows the triad of dialectic: A. Thesis, the world of commodities in the abstract, B. Antithesis, the disappearance of the world of commodities, C. Synthesis, the world of commodities restored in reality.

Not only Uno, the first advocator of this method, but also Sekine following this method, did not argue in this way as I do; I am exclusively responsible for this idea. The term 'the world of commodities' began to be frequently used in *Capital* vol.1 where Marx discovered the value-form. In my view, however, the term should be more effectively developed in the theory of the commodity.

Conclusion

I have pointed out and criticized not a few problems in Marx's theory of the commodity, particularly in his theory of the value-form. I appreciate that his discovery of the value-form is an epoch-making achievement which no preceding economists have ever made. However, we can find out a lot of inconsistent, faulty or erroneous parts within it. I have attempted to correct or to reformulate them into more consistent logic, aiming to make his achievement more consistent, understandable and brilliant.

Most of confusions in Marx's theory of the commodity originates from the entanglement with the substance of value, labour, in the theory of the commodity. Unless the substance of value is dealt with at a proper place, it inevitably causes confusions in a mistaken place.

Marx develops the value-forms as relationship between a commodity in the relative form and a commodity in the equivalent form abstracted from two owners, so in the next chapter 'The Process of Exchange he is bound to refer to commodity owners. However, since the simple value-form is an offer of exchange by the linen owner wanting 1 coat to unknown numerous coat owners, the simple value-form is neither mere relationship between commodity and commodity, nor mere direct relationship between two owners.

For Marx, since the value of the linen and the coat already have a value as objectified labour, the value-form becomes the relationship between commodity and commodity disregarding two owners.

In the money-form, all commodities in the relative form and money gold in the equivalent form come to have inherent value from the first respectively. Consequently, in the money-form the value expression in price looks like as

if the relationship solely between commodity and money without owner but the money-form is inviable without commodity owner in the relative form. Marx concludes at the end of the section on the value-form, stating ‘The simple commodity form is therefore the germ of the money-form (Marx 1976, p.163). However, in my view, Marx’s simple value-form is not worth the germ of the money-form. Is my reformulated one more suited to the germ?

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