ARE THERE CONTRADICTIONS AND AMBIGUITIES IN CHAPTER 1 OF *CAPITAL*?

Geert suggested in his Omaha paper that, in Chapter 1 of Volume 1 of *Capital*, there is a "shift" in Marx's logic from Sections 1 and 2 to Section 3, and that this shift may not get the attention of the reader if Section 3 is read "with the labor-embodied spectacles" of Sections 1 and 2 (pp. 11-12). Geert does not specify the precise nature of this "shift", but the suggestion seems to be that there is a fundamental shift in the type of logical method employed and in the basic theory of value, from a labor theory of value to a value-form theory of value. Elsewhere, Geert has argued that there are "two streams" in Marx's texts – a labor-embodied stream and a value-form stream.

Similarly, Nicky argued in her Omaha paper that there are "notorious ambiguities" in Chapter 1, and that these ambiguities are "fundamentally intractable".

Similarly, Riccardo argued in his presentation in Omaha that there are "contradictions" in Marx's texts related to his theory of value. In some passages, Marx says that value is determined in production, but in other passages, he says that value is determined in exchange.

Chris also remarked (in the discussion of Riccardo's presentation about whether value is created in production or exchange) that Marx was "confused" about this issue, and that is the reason for the contradictory passages.

However, I disagree with these negative assessments of the logical coherence of Marx's theory of value, and of Chapter 1 in particular. I think that Chapter 1 is a remarkable example of logical rigor and coherence. Chapter 1 is not ambiguous, but rather clear and consistent. There is no shift between Sections 1 and 2 and Section 3, but rather a strict logical connection between these sections of Chapter 1. Marx was not confused, but instead was quite clear that **value is created in production and realized in exchange**. Under the assumption of no realization problem (Marx's ruling assumption throughout the three volumes), the value realized in exchange is equal to the value created in production. Thus, the magnitude of value is determined in production by the quantity of abstract labor required to produce commodities. I don't see any confusion or ambiguities or contradictions about this issue in Marx's texts.

In what follows, I will first summarize my interpretation of Marx's logic in Chapter 1 and present substantial textual evidence to support this interpretation. Then I will consider the two passages from Chapter 1 presented in Nicky's paper to support her interpretation of the "ambiguities" in Marx's texts (there are only two such passages presented in Nicky's paper). I will also consider several pages in the *Critique* that Chris has cited in subsequent correspondence to support his interpretation that Marx was "confused" on this fundamental issue.

Section 1

We all seem to agree that in Section 1 Marx derived abstract labor as the "substance" of value, the common property of commodities that determines their exchange-values. Abstract labor is clearly defined in Sections 1 and 2 in units of labor-time, "independently of its form of appearance" as exchange-value or money. The subtitle of Section 1 is "**Substance** of Value, **Magnitude** of Value" (emphasis added).

Marx summarized his derivation of abstract labor as the substance of value in the following key passage:

> Let us now look at the residue of the products of labour. There is nothing left of them in each case but the **same phantom-like objectivity**; they are merely **congealed quantities of homogeneous human labour**, i.e. of human labour-power expended without regard to the form of its expenditure. All these things now tell us is that human labour-power has been expended to produce them, human labour is accumulated in them. As crystals of this **social substance**, which is common to them all, they are **values** – commodity values. (C.I.: 128; emphasis added)

This conclusion – that all commodities contain definite quantities of objectified human labor – is then the fundamental premise for the rest of the three volumes of *Capital*, and in particular for Section 3 of Chapter 1, as we shall see below.

In the next paragraph, Marx previewed his later derivation of money as the necessary form of appearance of the substance of value (objectified abstract labor) in Section 3,
as follows:

> **The progress of our investigation will bring us back to exchange-value as the necessary mode of expression, or form of appearance, of value**. For the present, however, we must first consider the nature of value **independently of its form of appearance.** (C.I.: 128; emphasis added)

We can see that Section 3 is a logical continuation of Sections 1 and 2 ("the progress of our investigation will bring us back …"). In Sections 1 and 2, abstract labor is derived as the substance of value, and in Section 3, exchange-value (or money) is derived as the necessary form of appearance of this substance of value (objectified abstract labor).

Toward the end of Section 1, there is a similar summary of the argument thus far and another preview of Section 3 on the form of appearance of the substance of value (abstract labor).

> Now we know the *substance* of value. It is *labour*. We know the *measure of its magnitude*. It is *labour-time.* The *form*, which stamps *value* as *exchange-value*, remains to be analyzed. But before this we need to develop the characteristics we have already found somewhat more fully. (C.I.: 131; emphasis in the original)

Section 2

Section 2 of Chapter 1 goes on to "develop the characteristics that we have already found somewhat more fully." That characteristics that Marx had already found are of course abstract labor as the "substance of value" and labor-time as the "magnitude of value". These characteristics are further developed in Section 2, which is entitled "The Dual Character of the **Labour** Embodied in Commodities". This "dual character" is of course concrete labor and abstract labor. Abstract labor is further developed, both its qualitative dimension as homogeneous labor and its quantitative dimension as the quantity of labor-time.

Section 3

Now we come to the all-important Section 3. I argue that there is no "shift" in Marx's logic from Sections 1 and 2 to Section 3. Rather, the logic in Section 3 is a continuation of the logic in Sections 1 and 2. We have already seen that Marx explicitly noted in Section 1 this logical continuity between Sections 1 and 2 and Section 3. As previewed in Section 1, Section 3 derives money as the necessary form of appearance of the substance of value (abstract labor), as derived in Sections 1 and 2.

The key point to emphasize is that, throughout Section 3, **commodities are assumed to possess the common property of value, i.e. objectified abstract labor (the "substance of value"), in definite quantities, as derived in the Sections 1 and 2.** This is the basic presupposition of Marx's derivation of the necessity of money in Section 3. This is the direct logical connection between Sections 1 and 2 and Section 3. Section 3 is not about the determination of the quantity of objectified abstract labor contained in commodities (through exchange or otherwise). The quantity of objectified abstract labor contained in commodities is not an unknown variable whose magnitude remains to be determined in Section 3. Rather, the abstract labor contained in commodities is presumed in Section 3, as derived in Section 1, in order to derive money as the necessary form of appearance of this abstract labor. This is the basic structure of Marx's logic in Chapter 1.

Many passages from Section 3 will be presented below in which Marx explicitly stated this key assumption of objectified abstract labor in his derivation of money as the necessary form of appearance of abstract labor.

According to Marx's argument in Section 3, the necessity of money arises from the fact that the quantity of objectified abstract labor contained in commodities is **not directly observable as such**, i.e. in terms of labor-time. As Marx put it in Section 1 (as we have seen), the value of commodities has a "**phantom-like objectivity**". Therefore, the question addressed in Section 3 is the following: how do the presumed quantities of abstract labor contained in commodities (as derived in Sections 1 and 2) acquire an objective (socially recognizable) **form of appearance**? In other words, how are the presumed quantities of abstract labor **objectively expressed**? Section 3 is not about the **creation**, or the **determination**, of the quantities of abstract labor (through exchange or otherwise). Rather, commodities are assumed to possess definite quantities of objectified abstract labor, as derived in Sections 1 and 2. Section 3 is about the **expression**, or the **form of appearance**, of the abstract labor which is already presumed to exist. This is the subject that Marx promised twice in Section 1 to return to, as we have seen above. The "progress of the investigation" has indeed led Marx back to exchange-value, as the "necessary mode of expression, or form of appearance, of value", i.e. of the objectified abstract labor contained in commodities.

Marx's general answer in Section 3 to this question, of how unobservable quantities of abstract labor obtain an objective form of appearance, is that the quantity of abstract labor contained in any given commodity is objectively expressed in terms of the quantity of **some other commodity** (and ultimately the money commodity) that is equated with the given commodity because it contains the **same quantity of abstract labor**.

Marx's derivation of money in Section 3 from the abstract labor derived in Section 1 is clear from the details of the derivation. The specific characteristics of abstract labor as developed in Sections 1 and 2 – homogeneous quality and definite quantities – determine the necessary characteristics of the form of appearance of value, or money, derived in Section 3. The simple form of value is "insufficient" and the expanded form of value is "defective" precisely because these forms of value do not adequately express these characteristics of abstract labor, the substance of value (homogeneous quality and definite quantities).

Perhaps the clearest textual evidence that Section 3 presumes that commodities contain definite quantities of abstract labor is in the subsection (a.2.ii) on the **quantitative determination** of the simple form of value. In this subsection, Marx emphasized that the abstract labor contained in commodities must be expressed, not only qualitatively (i.e. as the same kind of labor), but also **quantitatively**, i.e. as definite quantities of this equal human labor. Abstract labor is a quantity and therefore its objective form of appearance must also be a quantity.

In this subsection, it is clearly and explicitly assumed that "**a given quantity of any commodity contains a definite quantity of human labor.**" The equality of linen and coats "**presupposes the presence**" of "**exactly as much of the substance of value**" or "**the same quantity of labor-time**" in the two commodities. The question this subsection addresses is how the quantitative expression of the value of the linen **changes** if there is a change in the **labor-time** necessary for the production of either the linen or the coat (or both). In all four cases discussed, the presupposition is "a definite quantity of human labor " contained in both the linen and the coat. The presupposed quantities of human labor change from case to case, and the effects of these changes in labor-time on the quantitative expression of the value of the linen in terms of the coat are investigated. The direction of causation in Marx's logic clearly runs from labor-times in production to exchange-values in exchange. There is no hint of reverse causation, from exchange-values to labor-times, nor of mutual co-determination between labor-times and exchange-values. Please ***note bene***.

> **(ii) The quantitative determinancy of the relative form of value…**
> **A given quantity of any commodity contains a definite quantity of human labour.** Therefore the form of value must not only express value in general, but also quantitatively determined value; i.e. the magnitude of value… The equation 20 yards of linen = 1 coat, or 20 years of linen are worth 1 coat, **presupposes the presence** in 1 coat

> of exactly as much of the **substance of value** as there is in 20 yards of linen, implies therefore that the quantities in which the two commodities are present have cost **the same amount of labour** or **the same quantity of labour-time**. But the **labour-time necessary for the production** of 20 yards of linen or 1 coat varies with every change in the productivity of the weaver or the tailor. The influence of such changes on the relative expression of the magnitude of value must now be investigated more closely.
>
> I. … If the **labour-time necessary for the production** of linen be doubled …
>
> II. … If under these circumstances, the **labour-time necessary for the production** of a coat is doubled …
>
> III. Let the **quantities of labour necessary for the production** of the linen and the coat vary simultaneously …
>
> IV. **The labour-time necessary for the production** respectively of the linen and the coat, and hence their values, may vary simultaneously in the same direction …
>
> (C.I. 144-46; emphasis added)

A few pages later, Marx summarized his analysis of the simple form of value in the following passage, which clearly states that the exchange-values of commodities "arise from" (i.e. are determined by) the values of commodities, not vice versa (the "delusion" of the Mercantilists and the "modern bagmen of free trade").

> Our analysis has shown that the form of value, that is, **the expression of the value of a commodity, arises from the nature of commodity-value,** as opposed to value and its magnitude arising from their mode of expression as exchange-value. This latter view is the delusion both of the Mercantilists … and their antipodes, the modern bagmen of free trade, such as Bastiat and his associates. (C.I: 152-3; emphasis added)

Similarly, in the First Edition of *Capital*, Marx concluded his derivation of the necessity of money in Section 3 by emphasizing the same point ("decisively important"), in more Hegelian language:

> What was **decisively important** was to discover the **inner, necessary connection** between value-***form***, value-***substance***, and value-***amount***, i.e. expressed conceptually to prove that the value-***form*** **arises out of** the value-***concept***. (italicized emphasis in the original).

In other words, the "value-form" is derived from the "value-substance" and the "value-amount", which are presumed, as derived in Section 1. The value-substance is not derived from the value-form.

To cite one more passage, at the beginning of Chapter 3, Section 1, on the function of money as the measure of value, Marx recapitulated his derivation of money as the necessary form of appearance of abstract labor, presented earlier in Section 3 of Chapter 1, with the following very clear statement:

> **It is not money that renders the commodities commensurable**. Quite the contrary. Because **all commodities, as values, are objectified human labor, 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. **Money as a measure of value is the necessary form of appearance of the measure of value which is immanent in commodities, namely labor-time.** (C.I: 188)

Riccardo emphasized this passage in Omaha. But he argued that this very clear passage is contradicted by other passages in Chapter 1 (or elsewhere?) in which Marx stated that value is created in exchange, not production. Riccardo, what contradictory passages do you have in mind? (Thanks in advance for your reply.)

Thus, I think there is very strong textual evidence to support the interpretation that Section 3 of Chapter 1 presupposes that commodities contain definite quantities of abstract labor, as derived in Section 1, and then Section 3 derives money as the necessary form of appearance of these presupposed quantities of abstract labor. This is the tight logical connection between Sections 1 and 2 and Section 3. Section 3 is a logical continuation of Sections 1 and 2.

In contrast to Geert's claim, there is no "shift" in Marx's logical method in Section 3. Section 3 **should** be read with the "labor-time spectacles" of Sections 1 and 2. Labor-times are presumed in Section 3 in order to derive the necessity of money.

By the way, I think that Marx's derivation of the necessity of money from his basic theory of value in Section 3 of Chapter 1 is a unique and very important achievement in the history of economic theory. No other economic theory has been able to do this, before or since; not neoclassical theory, nor Sraffian theory.

I will now examine the two passages presented by Nicky to support her alternative interpretation that Marx argued in at least two passages that value is not determined in production, but is instead is determined in exchange. Both of these passages are from Section 3 of Chapter 1.

Nicky's first passage

The first passage quoted by Nicky to support her interpretation is part of the second paragraph of the introduction to Section 3 of Chapter 1. The full paragraph is as follows (the sentences in brackets are omitted in Nicky's excerpt):

> **[**The **objectivity of commodities as values** differs from Dame Quickly in the sense that 'a man knows not where to have it'.**]** Not an atom of matter enters into the objectivity of commodities as values; in this it is the direct opposite of the coarsely sensuous objectivity of commodities as physical objects. We may twist and turn a single commodity as we wish; it remains impossible to grasp it as a thing possessing value. However, let us remember that **commodities possess an objective character as values only is so far as they are all expressions of an identical social substance, human labour**, that their objective character as values is therefore purely social. From this it follows self-evidently that it [the objective character of commodities as values] can only **appear** in the social relation between commodity and commodity. **[In fact we started from exchange-value, or the exchange relation of commodities, in order to track down the value that lay hidden within it. We must now return to this form of appearance of value**.**]** (C.I: 138-9; emphasis added)

We can see from this paragraph that the "**objectivity of commodities as values**" means the same thing it did in Section 1: the **objectified human labor** contained in commodities. This paragraph does not present a new definition of the "objectivity of commodities as values", different from the one already presented in Section 1, but instead retains and builds on the same definition as in Section 1. In this paragraph (as in Section 3 in general), commodities are presumed to possess definite quantities of this objectified human labor, as derived in Section 1 (as we have seen above).

The theoretical problem posed in this introductory paragraph is that the presumed quantity of objectified human labor contained in commodities **is not observable directly as such**, i.e. in terms of labor-time ("twist and turn" as we may). The general solution to this problem, stated in this paragraph, follows from the fact that the objectified human labor contained in each commodity is **qualitatively the same** as the objectified human labor contained in all other commodities. Therefore, the quantity of objectified human labor contained in any commodity can be expressed in terms of the quantity of some other commodity to which it is equivalent, and thus that contains the **same quantity of objectified human labor.**

The last two sentences of this paragraph refer back to the two earlier previews of Section 3 in Section 1, discussed above. Marx started in Section 1 with exchange-value in order to "track down the value that lay hidden behind it." Now this hidden value is the presupposition, and the task is to explain exchange-value as the necessary form of appearance of this hidden value (i.e. of objectified human labor). These two sentences provide a succinct summary of the overall logic of Chapter 1. There is no "shift" in Marx's logic between Sections 1 and 2 and Section 3. It is all the same logic.

Nicky interprets this paragraph to mean that the equalization of social labor "is affected not in production, but **exchange**, when the diverse labours of private dissociated producers are verified as a relation between commodities." (p. 26; emphasis added).

I think Nicky's interpretation of this paragraph is mistaken. The fundamental mistake is that Section 3 is **not about exchange at all**, and certainly not about the actual exchange process, which seems to be implied by Nicky's interpretation, since the diverse labors of private dissociated producers are "verified" only in the actual exchange process. As already explained, Section 3 is about the **expression of value** of a given commodity (or commodities) in terms of the quantity of some other quantity that it is equivalent to. In Section 3, this relation of equivalence between commodities, that expresses the value of commodities, is a purely "theoretical" or "ideal" or "notional" relation. Actual exchanges on the market are not analyzed at all in Section 3. Rather, the value of a given commodity is theoretically or ideally expressed in terms of its equivalence with some other commodity, **without an actual exchange taking place**. The point of Section 3 is **not** to analyze **actual exchanges**, but rather to explain the **necessity of money**, as the necessary form of appearance of the abstract labor contained in commodities.

This crucial point is especially clear in the subsections on the "total" (or "expanded") form of value and the "general" form of value later in Section 3. In the "total" form of value, a given commodity is equated with all other commodities, and in the "general" form of value, all commodities but one are equated with the one excluded commodity. Both of these forms of value involve (n-1) relations of equivalence between commodities (or n-1 equations). However, it is not assumed that all these (n-1) relations of equivalence are associated with (n-1) actual exchanges (indeed it is not assumed that any of these relations of equivalence are associated with an actual exchange). All that is assumed is that the values of some commodities is objectively expressed by assuming that they are equivalent in value to some other commodity or commodities.

The final conclusion of Section 3 is the "price form", in which the value of all commodities except the money-commodity (e.g. gold) are expressed. In Section 3, the price-form merely gives to commodities a theoretical expression of the labor-time contained in them. The actual conversion of the price of commodities into actual money is not analyzed at all in Section 3.

The actual conversion of price into money, or the actual exchange process, is discussed for the first time in **Chapter 2**, which is entitled "The Process of Exchange", and which begins as follows: "Commodities [i.e. the subject of Chapter 1] **cannot themselves go to the market** and perform exchanges in their own right." Actual exchanges on the market require commodity-owners, etc. Marx is clearly introducing here the process of exchange on the market for the first time (and still at a very high level of abstraction). Chapter 2 is mainly about how commodity-owners themselves perceive the necessity of money in the actual process of exchange, and is also about the actual emergence of money in history, the selection of the precious metals as the money commodity, and the fetishism of money.

In the First Edition of *Capital*, there is the following very interesting methodological comment at the end of Chapter 1, which provides the transition to Chapter 2:

> The commodity is *immediate unity of use-value and exchange-value*, thus of two opposed entities. Thus it is an immediate *contradiction*. This contradiction must enter upon a development just as **soon as it is not longer considered as hitherto in an analytic manner** (at one time from the viewpoint of use-value and at another from the viewpoint of exchange-value) but is really related to other commodities as a totality. The *real* relating of commodities to one another, however, is their *process of exchange*. (bold emphasis added)

Thus we see that Marx calls his logic in Chapter 1 "analytical". Chapter 1 does not consider the real exchange process, but only theoretical relations of equivalence among commodities, in order to explain the necessity of money.

The purely theoretical nature (i.e. without actual exchange) of the relations of equivalence between commodities assumed in Section 3 of Chapter 1 is further clarified in **Chapter 3, Section 1**, in which Marx discussed at greater length the function of money as the measure of value (i.e. as the necessary form of appearance of the value of commodities), which was derived in Chapter 1. The following passages come from this section:

> The price-form of commodities is, like their form of value generally, quite distinct from their palpable and real bodily form; it is therefore a **purely ideal or notional form**. Although invisible, the value of iron, linen and corn exists in these very articles; it is signified through their equality with gold, even though this relation with gold **exists only in their heads**, so to speak… Since the **expression of the value** of commodities in gold is a **purely ideal act**,* we may use **ideal gold** to perform this operation… In its function as measure of value, money therefore serves only in an **imaginary or ideal** capacity… The value, i.e. **the quantity of human labor**, which is contained in a ton of iron is **expressed by an imaginary quantity** of the money commodity **which contains the same amount of labour** as the iron. (C.I: 189-90; emphasis added)
>
> Commodities with definite prices all appear in this form: a commodity A = x gold … The values of these commodities are therefore changed into **imaginery quantities of gold** of different magnitudes. (C.I: 191; emphasis added)

* In an editorial footnote, the translator clarifies the meaning of the phrase "purely ideal act" as follows:

> In other words, it is an act which takes place **entirely in the mind**, and **involves no physical transaction**. (p. 190)

In Section 2 of Chapter 3, Marx analyzed the process of circulation and money in its function as a medium of circulation. Here, for the first time in Marx's theory, the actual transactions of sale and purchase are analyzed. Toward the end of Section 1, Marx made the transition to Section 2 by noting that:

> In order, therefore that a commodity may in practice operate effectively as exchange-value, it must divest itself of its natural physical body and become transformed **from merely imaginary into real gold**, although this transubstantiation may be more 'troublesome' for it than the transition from necessity to freedom for the Hegelian 'concept', the casting of his shell for a lobster, or the putting-off of the old Adam for Saint Jerome. (C.I: 197; emphasis added)

Marx then went on in Section 2 to analyze the "troublesome" first phase of sale, which he also called the "*salto mortale*" of commodities (C.I: 200). Marx emphasized that, because there is no overall conscious social regulation of commodity production, it is always a matter of chance whether the sale of commodities proceeds smoothly. Nonetheless, Marx assumed here and in the rest of the three volumes of *Capital*, that the sale "has proceeded normally" in order to analyze the "phenomenon in its pure state."

If we look again at the passage quoted by Nicky at the beginning of Section 3 of Chapter 1, the only part of it that could perhaps be interpreted as an actual exchange is the phrase "the social relation between commodities." However, we can see from the rest of Section 3 (and beyond) that "the social relation between commodities" means instead a theoretical relation of equivalence between commodities, in which the objective character of commodities as values is expressed in a socially recognizable form. It does not mean an actual exchange of commodities. The process of exchange is not analyzed at all until Chapters 2 and 3. And when exchange is analyzed, it is assumed that supply equals demand, so that (in Volumes 1 and 2), the price of commodities is determined solely by the labor-time required to produce them. **Marx's analysis of the process of circulation in Chapter 3 does not change or modify or contradict Marx's theory of value and price presented in Chapter 1.**

Nothing is said in this paragraph about the process of equalization of different kinds of labor through the exchange of commodities. Rather, the theoretical equalization of labor is presumed to have already occurred in Section 1 of Chapter 1. The problem posed in this paragraph is **not** how social labor is equalized, but rather how the presumed equal social labor contained in commodities is **objectively expressed** in a socially recognizable form, since it is not directly observable as such.

Therefore, I conclude that this paragraph provides no support whatsoever for Nicky's interpretation that value is created in exchange.

Nicky's second passage

The other passage quoted by Nicky to support her interpretation is four pages later in Section 3 of Chapter 1, in subsection (a.2.i) on the "content", or the qualitative aspect, of the relative form of the simple form of value. This passage is the following, along with the first two sentences in this paragraph and the preceding paragraph, which are not included in Nicky's excerpt (with the additions in brackets as before). Please note especially the preceeding paragraph.

> **[**If we say that, **as values, commodities are simply congealed quantities of human labour**, our analysis reduces them, it is true, to the level of abstract value, but does not give them a form of value distinct from their natural forms. It is otherwise in the value relation of one commodity to another. The first commodity's value character emerges here through its own relation to the second commodity.
>
> By equating, for example, the coat as a thing of value to the linen, we equate the labour embedded in the coat with the labour embedded in the linen. Now it is true that the tailoring which makes the coat is concrete labour of a different sort from the weaving which makes the linen.**]** But the act of equating tailoring with weaving reduces the former in fact to what is really equal in the two kinds of labour, to the characteristic they have in common of being human labour. This is a roundabout way of saying that weaving too, is so far is it weaves abstract labour, has nothing to distinguish it from tailoring, and, consequently, is abstract human labour. It is only the **expression of equivalence** between different sorts of commodities which **brings to view** the specific character of value-creating labour, by actually reducing the different kinds of labour embedded in the different kinds of commodity to their common quality of being human labour in general. (C.I: 141-2; emphasis added)

Nicky interprets this passage to mean that "the concept of abstract labor is clearly not given as a **property** of commodity," but is instead "a **relation** between commodities, arising as a result of a real social practice – the act of exchanging commodities." (p. 23)

I don't think that this is a correct interpretation of this passage. In the first place, in the preceeding paragraph, Marx clearly states that abstract labor (in its "congealed state") is indeed a **property** of commodities ("as values, commodities are simply congealed quantities of human labor"). This property of congealed abstract labor contained in commodities is presumed in the Section 3 derivation of money as the necessary form of appearance of this unobservable property of commodities. The question posed in the preceeding paragraph is again the same question posed in the introductory paragraph discussed above: how does this unobservable property of congealed abstract labor "emerge", or acquire an objective form of appearance? More precisely, since this subsection is about the qualitative aspect of the form of appearance of value, the question is: how does the congealed human labor contained in each commodity appear as **qualitatively equal** to the congealed human labor contained in all other commodities?
Marx's answer to this question is of course that the qualitative equality of different kinds of labor is objectively expressed through the relation of equivalence of the commodities produced by these different kinds of labor. By equating the commodities in exchange, the equality of the different kinds of labor is objectively expressed in a socially recognizable form.

Furthermore, the second of these two paragraphs, like the rest of Section 3, says nothing about the actual exchange of commodities (i.e. about a "real social practice – the act of exchanging commodities"). What this second paragraph says is that the "**act of equating**" commodities "**brings to view**" the qualitative equality of the labor required to produce these commodities. We have seen above that the "act of equating" commodities in Section 3 is a purely theoretical or ideal act, which does not involve the actual exchange of commodities.

My interpretation of this paragraph is further supported by the following summary passage on the next page:

> We see, then, that everything our analysis of the value of commodities previously told us is repeated by the linen itself, as soon as it enters into association with another commodity, the coat. Only it reveals its thoughts in a language with which it alone is familiar, the language of commodities. In order to tell us that labour creates its own value in its abstract quality of being human labour, it says that the coat, in so far as it **counts as its equal**, i.e. is value, consists of the same labour as it does itself. (C.I: 143; emphasis added)

Nothing is said here about an actual exchange. The point of this passage (and of this subsection in general) is rather that the equal human labor contained in the linen is objectively expressed by theoretically equating the linen with the coat.

Therefore, I conclude that Nicky's second passage also does not support her interpretation that there are "ambiguities" in Chapter 1. Chapter 1 is remarkably clear and consistent. Marx revised Chapter 1 more than any other chapter in Volume 1 in the subsequent editions published during Marx's lifetime.

If there are other passages that any of you think support the interpretation that Marx was contradictory or ambiguous in his theory of value, then please present these passages for us to consider.

But if there is no further textual evidence forthcoming, should we not conclude, on the basis of the textual evidence thus far, that Marx was not contradictory or ambiguous in Chapter 1 and that Marx's logic in Chapter 1 is clear and consistent?

Chris' textual evidence

Last August, I sent Chris an email message, asking for clarification of what he meant by Marx's alleged "confusion" in Chapter 1 and for specific passages which are textual evidence of this "confusion". Chris replied with the following message:

"The passage that I mentioned where Marx explicitly treats the contradiction in the value form is CW 29 pp. 285-89. The key statement of the 'difficulty' is two thirds of the way down 286 and later he calls it a contradiction. It is basically de Vroey I think but solved by money constituting the commodities as values."

And I replied with the following:

Hi Chris,

Thanks very much for your reference from the Critique and your comments.

I don't see the problem in the pages you cite. I thought you said in Omaha that Marx was "confused" about whether value is created in production or exchange, and that this passage showed this confusion. But I don't see any such confusion in this passage. Marx seems clear to me, both in the Critique and in Capital, that value is created in production and realized in exchange. Under the assumption of no realization problem (Marx's ruling assumption throughout the three volumes), the value realized in exchange is equal to the value created in production. Thus, the magnitude of value is determined in production by the quantity of abstract labor required to produce commodities. I don't see any doubt or confusion about his issue in the pages you cited (or anywhere else for that matter).

You say that Marx "treats the contradiction in the value form" in this passage. What do you mean by "the contradiction in the value form"? Is this supposed to indicate in some way a contradiction in Marx's theory, or a contradiction in the value form that Marx is analyzing?

Also, I don't understand what you mean by the "difficulty" to which you refer? You seem to suggest that this is somehow a difficulty in Marx's theory (perhaps an indecision or confusion about whether value is produced in production or exchange?)

I argue that there is no such difficulty or confusion in this passage. Rather, the difficulty is a difficulty in the exchange process, which Marx is analyzing. The difficulty is that commodities are produced with private labor, but they must enter the exchange process as universal equivalents. This difficulty is indeed overcome with money, but I don't see how this means that "money constitutes commodities as values" (as you say). It means that **money gives to the value of commodities an objective form of appearance, so that commodities can indeed enter the exchange process as universal equivalents.** What do you mean by "constitutes"? Do you mean that money somehow determines the magnitude of the value of commodities? I hope not. That would be the opposite of Marx.

I argue that money does not constitute the value of commodities, but rather money EXPRESSES the value of commodities is a socially acceptable form. The value itself is determined by socially necessary labor-time required in production, independent of money (in Sections 1 and 2 of Chapter 1).

It is also important to recognize that the pages you cited are from what later become **Chapter 2** of Capital, not Chapter 1. The dividing line between the later Chapter 1 and Chapter 2 in MECW.29 is on p. 282, with the paragraph that begins: "So far two aspects of the commodity – use-value and exchange-value – have been examined …"

The logic of Chapter 2 is different from that of Chapter 1. Chapter 1 is about the derivation of abstract labor as the "substance" of value, the determination of the magnitude of value by the quantity of abstract labor required to produce the commodities, and the derivation of money as the "necessary form of appearance" of the abstract labor contained in commodities. This analysis is at a very high level of abstraction. In the Section 3 derivation of the necessity of money, it is NOT assumed that commodities are actually EXCHANGED with money. Section 3 is not about the actual exchange process. Rather, Section 3 is about the EXPRESSION of the value (abstract labor) of commodities in terms of assumed relations of equivalence between commodities and money. The theoretical expression of the value of commodities in terms of their equivalence with money does not require that actual exchanges take place.

We agree on this point about Section 3, don't we? Isn't this the key point of agreement in our critiques of Benetti and Cartelier?

Chapter 2 ("The Process of Exchange") introduces the real exchange process for the first time in Marx's theory. Chapter 2 is mainly about how commodity-owners themselves perceive the necessity of money in the actual process of exchange. The derivation is this: Every commodity-owner wants his commodity to be a universal equivalent to all other commodities. In order to represent his commodity as a universal equivalent, every commodity-owner must equate his commodity with one and the same commodity, i.e. with money, which functions as the universal equivalent.

The point I wish to emphasize is that there is no further consideration in Chapter 2 of the **determination** of the value of commodities. There is no suggestion that the theory of value presented in Chapter 1 (that value is created in production and that the magnitude of value is determined by the quantity of socially necessary labor-time) is (or might be) modified in some way as a result of this analysis of the process of exchange in Chapter 2. It is not suggested that the magnitude of value is somehow determined in exchange, rather than in production.

Marx made this point explicitly in Chapter 2:

The process of exchange gives to the commodity, which it has converted into money, **not its value, but its specific value-form**. (C.I: 184-85)

Marx's "Chapter 2" argument in the Critique is less clear than in Capital. For one thing, there is no separation in the text between the "Chapter 1" derivation of money as the necessary form of appearance of abstract labor and the "Chapter 2" derivation of money from the difficulties of the exchange process.

(By the way, do you know in what edition Chapter 2 was first separated off as a separate chapter? In the first edition of Capital or a later edition? The translation of Chapter 1 of the First Edition that you sent me years ago seems to end at the same place as the Volume 1 we know (i.e. after the discussion of the fetishism of commodities). The last paragraph is a very interesting transition from the prior analysis to the forthcoming analysis of the "real exchange process". Do you know if the exchange process was then analyzed in a separate chapter or in a separate section of the same chapter?)

Marx is also less clear in these pages in the Critique that the derivation is from the point of view of commodity-owners. But the argument is essentially the same. The passage you cite on p. 286 argues that, in order for commodities to enter the exchange process as exchange-values (i.e. as universal equivalents), they must be equated with one and the same universal equivalent, money.

The point to emphasize again is that there is no revision in this analysis of the exchange process of Marx's theory of the determination of the value of commodities, presented earlier in this chapter, which of course is essentially the same as the theory presented in Chapter 1 of Capital. The equations on p. 46 (during the "Chapter 2" derivation of money) are the same as the equations on p. 39 (during the "Chapter 1" derivation of money). The ratios of equivalence between the different commodities are the same in both sets of equations. **These quantities are not affected by the later analysis of the exchange process**, because the magnitudes of the values of the commodities are not affected by the exchange process.

So I don't see how these pages indicate any confusion or difficulty or contradiction in Marx's theory of value. Would you please explain further? Thanks in advance.