

Wealth, Value and Nature

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What is Economics? My dictionary says it is 'the science of the production, distribution and consumption of wealth'. Alfred Marshall described economics as 'on the one hand a study of wealth, and on the other ... a part of the study of man' [1], while Lionel Robbins defined it as 'the science which studies human behaviour as a relationship between ends and scarce means' [2]. He wrote this in 1932, by the way, when unemployment and poverty were rife throughout the world, and when, for millions of people, 'means' were indeed scarce. Surely, economic behaviour was more inhuman than human. Earlier, Friedrich Engels had a different view of the subject: in his brilliant essay of 1843, he called political economy 'the science of greed'. [3]

If economics is about wealth, what is wealth? '*Riqueza*', '*richesse*', '*Reichtum*', '*riches*', all carry with them the question: whose wealth are we talking about? In English, the old meaning of the word 'wealth' is associated with weal, well-being, like the German *Wohlstand* and *Gemeinwohl*, meaning the prosperity of a whole community. But, as we know, prosperity for a few can easily mean starvation for the many. John Stuart Mill says wealth is 'all useful or agreeable things, which have exchangeable value.' [5] But that only deepens the mystery, for it says nothing about how exchangeability relates to 'agreeableness'.

Aristotle was the first to study such issues, but his aim was quite different. He wanted to find out how humans could live in accordance with what they were 'by nature'. He had no doubt that communal life was natural for humans. On the other hand, the drive to make money, being unbounded, tends to break up the community and does not accord with nature. [5] All such forms are produced by convention, not nature. Retail trade, he believes, is 'unnatural, and a mode by which men gain from one another. The most hated sort ... is usury, which makes a gain out of money itself.' [6]

Bourgeois thought completely reversed Aristotle's priorities. Hobbes, deliberately thumbing his nose at the Greek philosopher, declared that the 'natural condition of man' was that of 'the war of all against all'. Only state-power, brought about by convention, made possible social cohesion, and thus the survival of the human race. Rousseau made the 'state of nature' seem rather more pleasant, but he also saw society as the outcome of human decision, a 'social contract'.

This is the view of social life on which the political

economists based themselves. Adam Smith, the founder of modern political economy, whose philosophy, following the Stoic tradition, was also opposed to that of Aristotle, called his book **An Inquiry into the Causes and Nature of the Wealth of Nations**. But he begins without asking himself what he means by 'wealth'. Instead, his first chapter jumps straight into a discussion of 'the causes of improvement in the productive powers of labour'. The chief cause, he finds, is the division of labour, the necessary consequence of 'a certain propensity in human nature ... to truck, barter and exchange ... common to all men, and to ... no other species of animal'. [7] So Smith also directly reverses Aristotle's view of what is 'natural' and what is conventional.

In general, Chapter 1 of **Capital** owes a great deal more to Aristotle than used to be understood. On this vital issue, Marx is especially close to his Greek predecessor. For Marx's whole life was devoted to finding the way to a 'truly human' way of life, one in which we did not 'truck, barter or exchange', but associated freely in the collective production of real wealth, that is, of the good of all. Being human, as Aristotle also knew, does not mean acting out a script provided by our nature. What he did not know is that it involves humans acting as socially self-conscious and self-creating parts of nature. 'In changing Nature, man changes his own nature.' [8] So human nature is not something fixed. Its essence resides in a continually changing 'ensemble of social relations'.

Capital, a critique of political economy, is devoted to showing how, at the same time as bourgeois society develops material production, it denies this essence of humanity, perverting and distorting it. Living as if they were self-contained atoms, driven by self-interest, individuals cut themselves off from each other, from nature and from their own nature. (Here is the root of all 'environmental' problems.)

Smith and other political economists knew that a commodity, wealth produced for exchange, had two sides: it was simultaneously an item of utility, satisfying a human need of some kind, and an 'exchangeable value', the latter being the basis for all social connection. But how are these two sides related? Aristotle puzzled over the same question, but failed to find an answer which satisfied him. If two commodities are exchanged, they must, of course, be different utilities, made by different kinds of work. How, then, could their exchange-values be compared? Were they incommensurable? If so, how could exchange accord with Justice?

Political economy thought it had begun to find an answer. When two items - a loaf of bread and a bag of nails, for instance - were exchanged, something about them was being equated, something purely quantitative. What they had in common was that they were both products of labour. True, they were qualitatively different. In one case the labour was baking, in the other, nail-making. But each of them was a specific form of the same essential human activity, labour in some general sense.

Aristotle could not work this out, and Marx points out why. Because of the nature of Greek society in his time, there could be no conception of 'labour in general'. Producers, whether they were slave or free, engaged in making particular kinds of goods. What mattered was only the quality of what was produced. Was the bread good bread, the nails good nails? Two thousand years later, as wage-labour came to predominate, it had become far easier to see each kind of work as a form of social labour in general. This is what Marx called abstract labour, and its quantitative measure was simply labour-time.

Marx comes to the conclusion that this is what is objectified in the exchangeability of the commodity. On the other hand, the specific kind of work, baking or nail-making, he called concrete labour. It is embodied in the particular use-value of each commodity, bread or nails. What must be stressed is that this points directly to a defect of commodity production as a way of life.

Chapter 1 of **Capital** begins with the assertion that 'wealth ... appears as a monstrous [*ungeheure*] collection of commodities'. Immediately, Marx starts to dig behind this appearance, and begins his critique of political economy. People still chatter about 'Marx's labour theory of value'. Actually, he is showing the incoherence of any such theory. His pounding critique breaks up the categories which political economy takes for granted. Then he begins to find hidden inside them, not only 'human behaviour', but at the same time the forms of inhumanity. A truly human society means the disappearance of the 'dual character of labour', for wealth would be created for the use of society, by means which would enhance and develop the lives of the producers.

Exchange of commodities, in all its many forms, is the only way that modern society holds together. Money has become the only connection between individual human beings. But this connection is abstract, external, purely quantitative, indifferent to any specific quality, anything which makes a use-value what it is, and any characteristic of its producer as a person.

In modern society, nothing appears as itself, but only as its own opposite. Exchange-value, Marx explains, is only the form of appearance, the 'phenomenal form', of a 'purely social substance' which he calls value. You cannot see this substance in the commodity which possesses it. All that appears is its exchange-value, in the

shape of the other commodity - not the exchange-value of that second commodity, but its actual body as a use-value.

That is the central importance of Section 3 of Chapter 1 of **Capital**, 'The Form of Value, or Exchange-Value'. Political economy simply accepted the existence of money, while Marx sees the need to 'derive the money-form'. (Later economics, which Marx called 'vulgar', cannot conceive of such a question.) The commodity form developed into the money form, not through human decision, but 'behind the backs' of individuals. A particular commodity was selected to act as the 'universal equivalent' through the joint action of all the other commodities. The money form then inevitably moves forward, transforming itself into various forms of capital, that vast impersonal power which exploits wage-labour and dominates all our lives.

Let me stress: this is not a matter of historical description. Marx does introduce a huge amount of empirical data into the book, but this is to illustrate the results derived through the critique of Smith and Ricardo. For instance, writing about the relationship of money to capital, he says: 'We do not need to look back at the history of capital's origins in order to recognize that money is its first form of appearance. Every day the same story is played out before our eyes.' [9]

The same thing applies to each of the transitions in the book. To take another example, capital began its historical career when a mass of producers were separated from the means of production. But that does not just refer to a single event in the past. It happens all the time in the course of the exploitation of the wage-worker. At each stage, Marx is concerned with the forms of consciousness in which social relations are falsely understood by those who live under them. That is why he devoted so much effort to Section 4, 'The Fetish-character of the Commodity and its Secret'. Since the producers of different commodities are linked only through the values exchanged, 'the relation between their own private labours and the collective labour of society appears to them in exactly this crazy [*verrückte*] form. The categories of political economy consist precisely of forms of this kind.' [10]

This passage should be compared with Aristotle's contention that commerce does not accord with the nature of humanity. (It is interesting to note that the etymology of '*verrückte*' connects it with the meaning 'misplaced'.) This Section explains how the exchange of commodities and the existence of money come to seem to belong to society 'by nature', even though other social forms operate without such forms. In particular, Marx considers 'an association of free men, working with the means of production in common'. [11]

The ideas in this Section are essential for the whole of **Capital**. Bourgeois social relations not only appear to

dominate the individuals related, but actually do dominate them. These relations take the form of things, like pieces of gold, or machines or finished products. Thus things, created by humans, are treated by them as if they were subjects, endowed with wills and with their own rights. On the other hand, the human individual is treated as an object, a mere thing.

Only if we keep this in mind can we grasp Marx's understanding of wage-labour and its exploitation, what he means by the power of capital, his attitude to the relationship of humans to machines, the significance of class struggle and his conception of the revolutionary overthrow of the existing order. The proletariat is not simply an exploited section of society. It is that element of capital which is human. As it becomes conscious of its humanity, it fights against its treatment as a 'factor of production'.

Hegel stood in the tradition of Aristotle, as much as Marx did. But Hegel, who studied Smith and Ricardo carefully, could never penetrate to the core of the opposition between the two ways of thinking. Essentially, 'Hegel's standpoint is that of modern political economy', [12] and he accepts the main results of Smith and Ricardo without question. Marx's critique begins with a challenge to all their basic assumptions about the modern world.

Adam Smith tried to develop a theory of value, albeit inconsistently, and David Ricardo attempted to perfect it. But, as you can see from Ricardo's chapter on 'Value and Riches, their Distinctive Properties' [13], he can say little about the relation of wealth and value, or use-value and exchangeability. In *Capital*, Chapter 1, this distinction is made very clear, and its relation to nature. On the one hand, William Petty is quoted with approval: 'Labour is the father and the earth the mother of wealth.' [14] On the other, Marx says:

The degree to which some economists are misled by the fetishism attached to commodities, or the objective appearance of the social characteristics of labour, is shown, among other things, by the dull and tedious dispute over the part played by nature in the formation of exchange-value. Since exchange-value is a definite social manner of expressing the labour bestowed on a thing, it can have no more natural content than has, for example, the rate of exchange. [15]

Political economy, even its best representatives, could not get to grips with this issue. Its categories, 'formulas which bear the unmistakable stamp of belonging to a social formation in which the process of production has mastery over man', seem to them 'self-evident and nature-imposed'. [16] Only through the critique in which Marx was engaged can we get behind this barrier. And what lies behind it is a truly human way of life.

In *Grundrisse*, Marx put the matter even clearer:

If the narrow bourgeois form is peeled off, what is wealth if not the universality of the individual's needs, capacities, enjoyments, productive powers, etc., produced in universal exchange; what is it if not the full development of human control over the forces of nature - over the forces of so-called Nature, as well as those of his own nature? What is wealth if not the absolute unfolding of man's creative abilities, without any precondition, other than the preceding historical development, which makes the totality of this development - ie the development of human powers as such, not measured by any previously given yardstick - and end-in-itself, through which he does not reproduce himself in any specific character, but produces his totality, and does not seek to remain something he has already become, but is in the absolute movement of his becoming. [17]

What is important about this passage is that it shows how Marx's understanding of true humanity emerges from his critique of political economy. Bourgeois thinkers, even the greatest and most honest of them, starting with a belief that society is a collection of independent human atoms, could not do more than describe the necessity of the existing socio-economic forms. Marx, setting out from the essentially social nature of humanity, can penetrate to the merely transient character of these forms, and the possibility of peeling them away, to reveal their human content.

Notes

- [1] Marshall, *Principles of Economics*, 1890.
- [2] Robbins, *Nature and Significance of Economic Science*, 1832.
- [3] Engels, *Outlines of a Critique of Political Economy*, 1843.
- [4] JS Mill, *Principles of Political Economy*. 18
- [5] Aristotle, *Politics*, 1, 8-10 and *Ethics*, 5, 5.
- [6] *Politics*, 1, 10. Compare the remark in *Ethics*, 1, 5, where the mass of mankind is said to 'prefer a life suitable to grazing animals', Glaucon's remark about 'a city fit for pigs', in Plato, *Republic*, 372, and 'The Animal Kingdom of the Spirit, in Hegel, *Phenomenology of Spirit*,
- [7] *Op cit*, Chapter 2.
- [8] *Capital*, Chapter 7.
- [9] *Ibid*, Chapter 4: The General Formula for Capital.
- [10] *Ibid*, Chapter 1, Section 4.
- [11] *Ibid*.
- [12] *Paris Manuscripts*, 1844.
- [13] Ricardo, *The Principles of Political Economy and Taxation*, 1821, Chapter XX.
- [14] *Capital*, Chapter 1, Section 1.
- [15] *Ibid*, Section 4.
- [16] *Ibid*.
- [17] *Grundrisse*, MECW in English, Vol. 28, pp 412-3.