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Value without Fetish

Uno Kōzō's Theory of 'Pure Capitalism' in Light of Marx's Critique of Political Economy

By

Elena Louisa Lange

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To Juno Theodora Lange
'Sapere Aude'

All systems exist because of supply and demand.

ANNETTE PEACOCK (1979)

• • •

Denn an allem, was sich ändert, haben Kauffrauen investiert.

CPT. KIRK &. (1992)

⁘

Contents

Acknowledgements IX
Note on Translations and Transcriptions X

PART 1
The Method of The Critique of Political Economy

1 **Introduction – Marx's Critique of Fetishism as Method** 3
- 1.1 The Critique of Fetishism and Uno's Theory of 'Pure Capitalism' 14
- 1.2 The Aporias of Classical Political Economy 34
- 1.3 The Critical Function of Marx's Labour Theory of Value. Against Some Readings of 'Form' in Contemporary Value Form Theory 48

2 **What's 'Pure' about Capitalism? Uno's Three-Level Method and the Theory of Principles** 61
- 2.1 The Limits to the Three Level-Method (*sandankairon*) 69
- 2.2 Pure Theory's X-Axis: The Law of Population 115
- 2.3 Pure Theory's Y-Axis: The Commodification of Labour Power 135

PART 2
The Object of The Critique of Political Economy

3 **Uno's *Theory of Value* – Value without Fetish (1947–69)** 155
- 3.1 The Problem of Abstract Labour in Uno's Theory of Value 159
- 3.2 Uno's Theory of Value: Methodological Individualism and the Fetishism of Use Value 184
- 3.3 Uno's Theory of Money: Baileyan Assumptions 211
- 3.4 Uno's Theory of Capital: M-C-M' as Pure Form 247

4 **The *Principles of Political Economy* (*Keizai Genron*, 1952/1964) in Light of Marx's Critique of Political Economy** 259
- 4.1 The Reconstruction of *Capital* 261
- 4.2 The Law of Value as the Law of General Social Equilibrium (Uno) 297
- 4.3 Surplus Value and Profit: The 'Transformation Problem' in Uno's Perspective 332
- 4.4 The Law of Value as the Law of Crisis (Marx) 376

5 Uno's Legacy in Japan and Beyond 423
5.1 Money vs. Value? The 'Monetary Approach' in the Post-Uno School of Value Theory 427
5.2 The 'Dialectic of Capital' as the Apologetic of Capital in the Anglophone Uno School 462
5.3 The Meaning of Real Subsumption or the Real Subsumption of Meaning: Aspects of Anglophone Uno School Historiographies 498

References 539
Index of Names 561
Index of Subjects 564

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Note on Translations and Transcriptions

All translations from materials written in languages other than English are ours, unless otherwise indicated. All non-English terms are indicated by italics.

For transliterations of Japanese, we use the Modified Hepburn System with the macron indication a long vowel, e.g. *ryūtsū-ron*. Terms in Japanese, in particular proper nouns that have an established usage in English (e.g. Tokyo) remain unmodified.

Japanese names are given in the Japanese order: family name first and given name last (e.g. Uno Kōzō), unless the person's pen name has been established according to the English custom (e.g. Makoto Itoh instead of Itō Makoto).

PART 1

The Method of The Critique of Political Economy

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CHAPTER 1

Introduction – Marx's Critique of Fetishism as Method

> Cryptocategories of Marxism: Exchange value is the most well-known. To cryptologically uncover the hidden categorical determinations of existence is not to reveal a metaphysical essence, but rather the 'surface' of things, their appearance itself.
>
> HANS-JÜRGEN KRAHL (1971)[1]

•••

> … in the capitalist process, every element, even the simplest, the commodity for example, is already an inversion …
>
> KARL MARX (1861–3 Economic Manuscripts)[2]

⁘

This book wants to put the critique of the 'fetishism of the bourgeois relations of production' back into the Critique of Political Economy.[3] Its aim is to demonstrate that the *disavowal* of the critique of fetishism strips the Marxian project of its critical core, its *raison d'être*. Disavowing, disregarding, or even rejecting Marx's critique of fetishism, as we will show, resorts to the framework of classical and neoclassical bourgeois 'economics' which no longer offers an incentive to change or question the capitalist mode of production as a historically specific society. This book, however, precisely sees itself as a theoretical contribution to the overcoming of the capitalist predicament, and therefore as an intervention against the obliviousness to the problem of fetishism. To pursue this task, we will highlight the pivotal role of Marx's *critique of the fetish-characteristic forms of value*, or the *value forms*, as the *key method* for

1 Krahl 1971, p. 84. Footnote. Many thanks to Jacob Blumenfeld for the translation.

2 Marx 1989b, p. 507.

3 We use capital letters to characterise Marx's project, beginning with the *Grundrisse* in 1857.

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his analysis and critique of the capitalist mode of production and its bourgeois interpreters as a scientific object.[4] This impetus stands in opposition to the desideratum of the 'methodological purity' of the economic categories, in which the critique of fetishism as the central incentive becomes subaltern, if not disregarded. This latter interpretation is presented in Japanese Marxian economist Uno Kōzō's (1897–77) theory of 'pure capitalism' (*junsui shihonshugi*), which the present work will examine critically. The neglect of the fetish complex, we argue, leads to a truncated and functionalist understanding of capitalist economy, and, even more fatally, helps to prolong and sustain a system of blind domination of social structures over humans, in which old fetishes persist as new ones, making an emancipatory development impossible. Most of all, however, the categorial reconstruction of the capitalist *modus operandi* that was not only Marx's, but also Uno's intention, becomes *inadequate* when the fetishistic forms that value assumes, both obfuscating its content and structuring 'the self-presentation of value',[5] are left unaddressed: for leaving them *unaddressed* leaves these fetishised forms of value *intact* as objects of cognition. It therefore reproduces the inverted *forms* in which value, i.e. abstract human labour, *appears* at the surface of capitalist self-representation – paradigmatically in the exchange-fetish and the view of capital as 'fruit-bearing' in the categories of money, profit, price, interest, rent, etc. – instead of deconstructing these self-representations, and with them, the modes of their self-legitimisation. This book will show how and why Uno's contribution presents a methodologically and theoretically deficient attempt at the analysis of capitalist relations of production. This deficiency is simultaneously explored in Uno's misrecognition of the significance of the fetish-character of value on the one hand, and Uno's failure to adequately address the intrinsically *contradictory* character of capital in terms of value and use value, represented in its inherently contradictory modes of (re)production, valorisation, and accumulation – culminating in *crisis* – on the other. We will argue that Uno Kōzō's understanding of value, notwithstanding his own endorsement of central Marxian categories and ideas, fails to take the nexus between value and fetish into account. Uno's theory hence remains at a level which we call an understanding of 'value without fetish', an idiosyncratic economic theory

4 To our knowledge, the only other two approaches identifying Marx's critique of fetishism as his method are Tsuru Shigeto 1994 and Helmut Brentel 1989. Tsuru, however, limits the critique of fetishism to the critique of 'commodities', 'money', and 'capital'. We instead see the problem of fetishism as pertaining to *all* concepts of bourgeois political economy.

5 Papadakis 2017, p. 52.

that by using Marx's terminology seems to speak from the level of the Marxian problematic – but remains devoid of its critical core. Subtracting 'Critique of' from the 'Critique of Political Economy', however, only leaves us with 'political economy' bare and simple. In this book, we will show that Uno's theory, indeed, presents us with a particular version of 'political economy' as a discipline of science – but no longer with an incentive to understand, criticise, and eventually overcome the fetishised modes of capital that continue to exert their oppressive force over humans and nature. This diagnosis results from the conceptual analysis of Uno's core works from 1937 to 1969, which forms the main part of this book. To give the reader a – very preliminary – idea of what we mean by Uno's deficient attempt at the reconstruction of Marx's analysis, we shall digress to what we identify as Marx's own approach regarding the method and the object of cognition – the capitalist mode of production and its constituents. For it is precisely Uno's failure to adequately identify the scope and level of Marx's own approach to capital as a *problem* – in other words, the inadequate grasp of Marx's own *Problembewusstsein* – which motivates our critique of Uno Kōzō's theory of 'pure capitalism' and its method.

To put the critique of fetishism 'back into' the Critique of Political Economy indicates that Marx himself had already considered the critique of the fetish-characteristic forms that value takes – both in its appearance in economic reality as well as in the thinking of its economic 'interpreters' (*Dolmetscher*) – as central to his mature oeuvre.[6] In that sense, 'back into' suggests a *temporal* aspect. We hence consider the critique of fetishism as the theoretical consequence of the analysis of the value form in Chapter 1 of *Capital* Volume I, as the *Leitmotiv* of Marx's whole project.[7] The formulation 'back into', however, also has a *systematic* aspect: it indicates that the critique of fetishism had been disavowed or missed out on in significant parts of international Marx-oriented scholarly publications of the last decades. While in 'analytical Marxism',[8] some proponents of the 'Value Controversy' of the late 1970s–early 1980s (Steedman,

6 It is at the *end* of the 1864/5 Economic Manuscripts, better known as Volume III of *Capital*, that Marx *returns* to the problematic of the commodity, with which his analysis in Volume I of *Capital* began, to identify the problem of fetishism as the over-arching predicament: 'What is also implied in the commodity … is the reification of the social determinations of production and the subjectification [*Versubjektivierung*] of the material bases of production which characterize the entire capitalist mode of production'. Marx 1981, p. 1020.

7 On the history of the emergence of fetishism as a theoretical problem in Marx, see Oittinen 2017.

8 See Cohen 1978, Wright 1978, Roemer 1981, Elster 1985 and 1986. See also the publications of the 'Sydney-Konstanz Project' in the 1980s (Eldred 1984).

Sweezy, De Vroey),[9] Althusserian Marxism,[10] culturally-themed[11] or new forms of deconstructivist[12] Marxism, political Marxism,[13] not to mention the main proponents of the Second and Third International,[14] this is more evident, non-Western Marxism has not been sufficiently examined in this regard. Yet, even in the more strictly value-theoretical discourse in the Anglophone world, value has not been sufficiently understood as a *problem of fetishism*,[15] and fetishism as a *problem of value*, its form and magnitude.[16] We therefore contend that even in the 'West' today, research into the interrelation of the value-form and its fetish-character has been dissatisfactory. By drawing on the works of Uno Kōzō and his influential school, this book's purpose is to fill out that lacuna, a lacuna that falls beyond the trivial 'East' and 'West' binary. In our critical analysis, Uno Kōzō's work is taken seriously as a contribution to Marxist political economy. We reject its objectification as a proponent of 'Japanese' thought. As such – and as we believe, in accordance with Uno's own claim to the significance of his work – our critique of Uno's work and the revelation of its limits delivers a rich matrix with which to grasp the actual problematic of Marx's intervention, unfettered by the boundaries of cultural and/or culturalistic considerations. With these preliminary and general reflections on the critical nature of this book in mind, we can also elucidate what we consider its positive contribution, namely a new inquiry into Marx's *method*. This method stands and falls with the overall impetus of Marx's project of the Critique of Political Economy

9 See Steedman et al. (eds.) 1981.

10 For an overview of the disavowal of the complex of fetishism in the 'Althusser School', see Dimoulis and Milios 1999, especially pp. 26–31.

11 Bourdieu 1979, Hall 1980, Hall 1997, Hall 2017, Jameson 1991, Eagleton 1976, Eagleton 2000, Harootunian 2000.

12 E.g. Szepanski 2014a, 2014b, 2018. Szepanski's intervention aims at introducing Deleuzian theorems such as the 'Rhizoma' into 'Marxist financial theory'. See also the online journal 'non', as well as the (in 2019) planned book series and journal. https://non.copyriot.com/.

13 Most notably Brenner 2002, Brenner 2006, Brenner 2009 and Wood 2002, Wood 2003 and Wood 2012.

14 '… the question of commodity fetishism was almost completely ignored in the theoretical work of the Second International, and even Kautsky himself was content with only a hint at the problematic … The same can be said of the theoreticians of the Third International: neither Lenin nor Gramsci ever paid much, if any, attention to the concept of fetishism'. Oittinen 2017, p. 19.

15 Elson 1979.

16 Geras 1971, Steedman 1981, de Vroey 1981. Lucio Colletti, on the other hand, correctly remarked 'that Marx's theory of value is identical to his theory of fetishism, and that is precisely the virtue of this element (in which the crucial importance of the relation with Hegel is intuitively evident) that Marx's theory differs in principle from the whole of classical political economy'. Colletti 1972, p. 77.

as the critique of theorists such as Adam Smith, David Ricardo, Samuel Bailey, Jean-Baptiste Say, Thomas Malthus, Robert Torrens, Jean-Pierre Proudhon, and others, and their various 'bourgeois fetishisms'. In the following, we shall consider in rough strokes[17] what we mean by this.

What do we mean by fetish, fetish-character and fetishism?[18] As will be shown throughout this book, rather than the 'standard' interpretations, we hold that the critique of the 'fetish-character' is not limited to the commodity.[19] Neither do we think that the critique of fetishism can be adequately explained by an inversion of the 'social' and the 'natural' properties of things (i.e. the commodity). Instead – as will become clearer to the reader in the successive chapters – we argue that the *fetish-character* that value assumes in its 'palpable', apparent *forms* pertains to *all* concepts of classical and vulgar political economy: money, capital, wages, the forms of price (cost price, production price, market price), profits (entrepreneurial and commercial), interest, ground rent, and so on. The *fetish-character of the value forms* thus constitutes the

17 Our outline here remains rough and general for systematic reasons, reasons which directly inform the form of our inquiry, which will become clearer in the following.

18 John Clegg has provided a useful taxonomy which this book roughly adheres to: 'The difference between these two definitions [of fetishism both as something that 'attaches itself' to the commodity and a mistaken *view* of the social character of commodity production] has led to confusion as to what the terms 'fetishism' and 'fetish-character' specifically mean for Marx … At least part of the confusion can be put down to a lack of attention to Marx's own terminology. In the English-speaking world this may be due to poor translations. I have already indicated in the terms I use above how the confusion may be overcome: by distinguishing between the 'fetish-character' of commodities and the 'fetishism' of those who mistake this as natural'. Clegg 2005, p. 3. The fetish-character thus pertains to the value forms, while fetishism characterises bourgeois political economy's *view* of capitalist relations of production, as e.g. in 'the fetishism of the political economists'. Marx 1976, p. 983. See also O'Kane 2013, p. 34, and Schulz 2011.

19 The section on 'The Fetish-Character of the Commodity and its Secret' in Volume 1 of *Capital* has evolved as the *locus classicus* of almost all 'commodity form'-interpretations of the fetish problematic in Marx, which we see as a fatal truncation (see e.g. Benjamin 1999 [1927–40], Rubin 1973 [1928], Lukács 1971 [1923], Sohn-Rethel 1970, Geras 1971, Balibar 1993). The reader may thus be surprised that, in our view, the famous chapter on 'Commodity Fetishism' in Volume 1 of *Capital does not* constitute the *locus classicus* of Marx's 'theory of fetishism'. As will be explained later, the theory of fetishism is rather to be found in the 'three peculiarities of the equivalent form of value', as developed by Marx in the section 'The Equivalent Form' in the first chapter of *Capital* Volume 1 (in the first edition of *Capital* of 1867 still referred to as the 'four particularities'). We will show that the 'three particularities' present the single pertinent heuristic-methodological insight to the 'why' of the phenomenon of the fetish-character of the value forms. It is precisely this insight that is discarded from Uno's theoretisation of a 'pure capitalist society' – with grave consequences.

very *categories* of classical political economy. This central diagnosis – central for Marx's evaluation of the classics, predominantly the theory of value which forms the interest of this book – allows Marx to level the general, yet far-reaching critique of a *blind spot of classical political economy* that essentially informs Marx's critique of fetishism: namely the blind spot of the specifically *social form* that *labour assumes as value* in capitalist societies. Because classical and vulgar political economists disregard the *social form of labour*, a concept resulting from Marx's crucial conceptual distinction between *abstract* and *concrete* labour, and *value* and *use value* (to which we will return time and again throughout this book), their understanding of the capitalist metabolism is exhausted in the notion of simple and equal *exchange*. In short, the fetish-character of the value forms, as we will explain soon, is characterised by an *increasing obfuscation* of the social form of production *as substance of value* in favour of the *forms* that value assumes in the process of exchange or *circulation*. For Marx, labour and labour alone – in its specific social form as abstract labour, expended as living labour in the process of production – is the source and substance of value. In the categories of political economy, this source and substance of value however becomes increasingly obscure, so that at one point its relation to labour 'is no longer recognisable'.[20] Marx also calls this process a 'mystification': while at the beginning of the categorial critique (in the *Contributions to the Critique of Political Economy* as well as Volume I of *Capital*), in the value-form of the commodity, 'this mystification is as yet very simple … [this] semblance of simplicity disappears in higher productive relations'.[21] In interest-bearing capital, discussed at the level of how the capital relation finally *appears to its agents* (in Volume III of *Capital*), this 'fetish character of capital and the representation of this capital fetish is … complete'.[22] It thus, finally, presents the 'capital mystification in its most flagrant form'[23] – i.e. an understanding of capital without the social form of labour, a form in which 'it no longer bears any marks of its origin'.[24] As we will see, Uno's theory of 'pure capitalism' is not free from these suppositions, but rather contributes to them. What is hence increasingly obscured in the inverted *forms* in which value appears – from the commodity to interest-bearing capital – is their *common constitutive ground*, the *Begründungszusammenhang*, which alone provides the *nexus by which to adequately grasp its social character*: the social form of labour in the

20 Marx 1981, p. 517.
21 Marx 1904 [1859], p. 81.
22 Marx 1981, p. 516.
23 Marx 1981, p. 516.
24 Marx 1981, p. 516.

capitalist mode of production – *abstract labour*. Equally obscured is the production of surplus value or exploitation. For Marx, this dynamic of increasing obfuscation of the ground and nexus of the capitalist social metabolism, which the categories of political economy only reflect as abbreviated and superficial forms of mere semblance, thus becomes the *methodological template* by which to address the categories of political economy and its two main fetishisms of exchange and the notion of capital as 'autonomous', independent and unrelated to labour:

> For vulgar economists, which seek to present capital as an independent source of wealth, of value creation, this form [interest-bearing capital] is of course a godsend, a form in which the source of profit is no longer recognizable and in which the result of the capitalist production process – separate from the process itself – obtains an autonomous existence.[25]

For Marx, elucidating the difference between *social form as substance*[26] and the inverted *forms* in which it *appears*, or *content* and its *forms* – forms that obscure their origin in abstract-human labour and exploitation – is the single methodological process or strategy for his Critique. As the golden thread of Marx's investigation, it begins from analysis of the value form in Section 3 of Chapter 1 of *Capital* Volume I and culminates in the analysis of interest-bearing capital and the 'demystification' of the 'Trinity Formula' in Chapter 48 of the 1864–5 Economic Manuscripts (Volume III of *Capital*).[27] The significance of this methodological process consists in the *derivation of the origin of mystification*, in categories such as 'production price' and 'profit', concepts to which we will return in detail. Marx's Critique is therefore decisively non-static, as it 'shakes up' the rigid appearances (of e.g. the value forms of price and profit) to not only reconstruct the hidden content of the fetishised modes of appearance in unpaid and alien human labour, but also to reconstruct *how* the categorial convolutions of political economy *come to inform* the fetishisms and 'mystifications' resulting from its obfuscation by necessity. We call this procedure, with Helmut Brentel, *form analysis*:

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25 Marx 1981, p. 517.

26 We will return to the concept of 'social form as substance' in Chapter 1.1.

27 Needless to say, Marx has not written *Capital* in the succession in which the volumes appear (for an overview on the formative history of *Capital*, see Heinrich 2011). However, its thematic is reflected in the *consistency* in which Marx follows the theme of fetishism and fetishisation.

> Form analysis as the economic theory and critique of the object (*ökonomische Gegenstandstheorie und Gegenstandskritik*) contains a *theory of appearance*. It acts on specific assumptions about the '*mode of appearance*' of economic facts, which hold both for its agents, as well as for economic theories and the framework of their critical presentation. In other words, it is based on a specific objective (*inhaltliche*) and methodological assumption about the relation between the object or the economic fact, and its *appearance* or systematic *semblance*, which is structured by itself in its mode of analysis.[28]

Following from this, the intent of form analysis is to 'dismantle the pseudo-subjectivities, with which economic relations appear as simple, transhistorical, and autonomous, [to dismantle] the wrong notions, which the daily agents form about their own social relations according to the measure of these conceptualisations, and to disperse these reifications of social relations in the economic categories, in order to reinstantiate the *actual subjects* of history, humans in their relations of their labour and production, in their theoretical and practical right'.[29] This claim can be said to concretise Marx's critique of the value-forms, as precisely the *locus* of the fetishisms of 'simplicity', 'transhistoricity', and 'autonomy' of the economic categories, as well as its aim to abolish the sphere of semblance as a whole.

Yet, how did Marx's incentive for the reconstruction of the obfuscated or mystified 'ground' of the forms of appearance of value evolve? How did his Critique become essentially informed by the claim that it grasps the social form of capitalist (re-)production in its true nature based on abstract human labour, i.e. the 'actual subject' of history? Marx did not simply claim the social form of labour as an 'alternative' ('one among many') explanation(s) for the basis of capitalist reproduction. His claim went much further: by pointing to the logical fallacies, inconsistencies, tautologies, and contradictions of conventional political economy, Marx could indeed demonstrate *why* explanations excluding the common nexus of abstract labour *must fail*. And it was precisely this logical impetus guiding his observations which led Marx – with Hegel, as we will explain soon – to assume a specific *form-content* (Formgehalt) as the explanatory heuristic leading him to the 'decryption' of the fetishised categories of political economy. Yet, what could this heuristic tool be?

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28 Brentel 1989, p. 283. Original emphasis.

29 Brentel 1989, pp. 284–5. Original emphasis.

Our fundamental claim is that 'the condition of possibility' for the heuristic of Marx's Critique was the formulation of the labour theory of value at the beginning of *Capital*.[30] The labour theory of value, i.e. the definition of the substance of value as abstract human labour and its magnitude in socially necessary labour time,[31] thus could be said to present the 'decoding machine' to the fetishisms of conventional economic science. Not only does this theory, as Duncan Foley claims, parallel 'the philosophical and theoretical innovations of Galileo and Newton in the physical sciences as the founding idea of a science',[32] but in its function it perhaps even parallels Alan Turing's 'Bombe' decrypting machine, which was used to help decipher German Enigma-machine encrypted secret messages during the Second World War.[33] Marx's labour theory of value thus can be said to function as the 'decryption device' of the fetishisms of classical and vulgar political economy.[34] This elevation of the labour theory of value to the status of Marx's central heuristic insight may however come as a

30 The labour theory of value hence addresses both the quality and the quantity of value as (abstract) labour: 'A use-value, or useful article … has only value because abstract human labour is objectified [vergegenständlicht] or materialized in it. How, then, is the magnitude of this value to be measured? By means of the quantity of the value-forming substance, the labour contained in the article. This quantity is measured by its duration, and the labour-time itself is measured on the particular scale of hours, days, etc … Socially necessary labour time is the labour-time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society'. Marx 1976, p. 129.

31 The objection that Marx did not use the term 'labour theory of value' in *Capital*, implying that Marx did not *hold* such a theory (see Reuten 1993) is problematic in its nominalist implications, for it confuses *word* and *concept*. A word is written, spoken, or enunciated in some way, designating a fixed sequence of letters and syllables. A concept is the 'idea', the 'theme' or 'topic' (roughly, for the present purpose). For example, one can talk about Leonardo da Vinci's 'Mona Lisa' at length without once saying the *word* 'Mona Lisa'. This person may for specific reasons refer to it as 'La Gioconda' or 'Leonardo's most famous painting'. But he or she has still talked about the Mona Lisa *as a concept*. In the same vein, just because Marx did not use the *words* 'labour theory of value', *does not mean he did not have* (*and indeed apply!*) *the concept*. In fact, the labour theory of value is the key to understanding the critique of political economy, without which we would have a hard time making sense of Marx's critique of Smith, Ricardo, Malthus, Say, Bailey and others. For the formation of Marx's labour theory of value from the critique of the classics, see Lange 2019b. See also Chapter 1.2.

32 Foley 1997, p. 1.

33 For further reading, see Davies 1999.

34 The critical function of this metaphor probably only differs from the 'Turing-Bombe' in that Smith, Ricardo, Bailey, Say, Malthus, Rodbertus, Proudhon, and others, were altogether uninhibited with the content of their 'messages'. Not only were they not intent on 'hiding' their categories, but, to the contrary, they were to serve as scientific heuristics for the science of political economy.

surprise for readers who are familiar with the fierce criticisms and objections it has received throughout its history. It seems that, beginning with neoclassical economist Eugen Böhm-Bawerk's criticism in 1896,[35] disavowing Marx's labour theory of value has never really gone out of fashion. Except that today, even Marxian theorists have become increasingly inclined to lessen the importance or even reject or 'refuse' the labour theory of value.[36] At times, it is counterfactually presented as though this 'refusal' even were *Marx's own*, which would mean that Marx rejected his own theoretical basis (which to our knowledge, he never did).[37] Needless to say, attempts at disqualifying Marx's value theory vary not only in the different 'areas' of Marxist theory but also in their emphasis on what function the labour theory of value designates: as a methodological tool, it is argued, it is introduced 'prematurely',[38] as a definition of value, others say (predominantly proponents of Analytical Marxism and theorists of finance/financialisation), it may even be neglected, since it does not even deliver a coherent theory of *price*.[39] Others, like the German 'Neue Marx-Lektüre'-scholars Michael Heinrich and Hans-Georg Backhaus, are less doubtful about its usefulness (which they emphasise), but altogether ambiguous about its locus of constitution, whether in the production process, or in commodity exchange.[40] What we can however discern unequivocally in most

35 See Böhm-Bawerk 1949.

36 Diane Elson's characterisation of Marx's value theory as a 'value theory of labour' (Elson 1979) confuses the explanandum with the explanans: Marx did not aim to show that labour appears as value (this would, indeed, be banal), but that the appearances of value – the value forms – are to be traced back to their common denominator, abstract human labour. Simultaneously, Elson misrecognises Marx's fetishism-critical method.

37 Paradigmatically here David Harvey's 'Marx's Refusal of the Labour Theory of Value', available at http://davidharvey.org/2018/03/marxs-refusal-of-the-labour-theory-of-value-by-david-harvey/.

38 This is predominantly argued within the Uno School: 'The premature introduction of the labour theory of value confuses the meaning both of the Doctrine of Production and of the Doctrine of Circulation. Here Marx unwittingly violates his own structure'. Albritton 1986, p. 48. One of the tasks of this book is to show how fundamentally mistaken this view is. See also Thomas Sekine's comment in Uno 1980, p. xxiv: '… the premature and unnecessary reference to the labour theory of value in the early part of *Capital* frequently beclouds the discussion of commodity circulation, etc.'.

39 See, e.g., the post-Uno School of value theory which we discuss in Chapter 5.1., and other Uno-School theorists working on finance (e.g. Itoh 1976, Lapavitsas 2005, 2013, 2017). See also Steedman 1978, Cohen 1979, Eldred 1985, Bryan/Rafferty 2013. See Lebowitz 2005 for a response to the rejection of Marx's value theory in Analytical Marxism, and Best 2017 for a response to its rejection in 'financialisation' theory.

40 'Commodities possess this "shared feature" or "tertium" [value] only when they appear in common, i.e., when they are related to one another in exchange'. Heinrich 1999, p. 215.

attempts to delegitimise Marx's formulation of the labour theory of value is that it is viewed as a theoretical 'residue' of, mostly, Ricardian provenance. The claim of Marx's labour theory of value as a 'residue' of the discourse of the classics is to be found in almost all newer discussions of Marx's value theory.[41] Marx's 'break' with the classics was therefore either unsuccessful or incomplete. This opinion is also shared by Uno.[42] Uno's diagnosis therefore primarily motivates us to demonstrate that *nowhere was Marx's break with the classics, and predominantly Adam Smith and David Ricardo, clearer and more succinct than in regard to their respective theories of value*. Uno's critique of Marx's value theory and its systematic locus in *Capital* forms a focal point of interest, and we will recur to it throughout this book. In our introductory Chapter 1, we consider it therefore useful to explain the centrality of the role of the labour theory of value in Marx's oeuvre, especially with regard to its function as the *method of critique*. This will be further elucidated by answering to the standard reproach that the labour theory of value was allegedly presented 'prematurely' in the exposition of Marx's *Capital*. Against that, we emphasise the necessity of the 'presupposition of the totality' in Marx's method. This is useful insofar as it allows us to preliminarily contrast these two results with Uno's theory of pure capitalism and approach to political economy to tease out the limits to Uno's *Problembewusstsein* of the Marxian Critique of Political Economy (Chapter 1.1). Because one significant objection to the labour theory of value consists in its delegitimisation as a 'residue of the classics', an objection Uno shares, we find it necessary to elaborate on Marx's labour theory of value as resulting, not from an appropriation of an alleged Ricardian 'embodied' labour theory of value (which, as we will see, Ricardo did not hold), but precisely from the *critique* of Smith's and Ricardo's respective theories of value in 'The Aporias of Political Economy' (Chapter 1.2). Finally, we will recur to the Hegelian notion of 'form-content' and the critical function of the analysis of the value form in Section 3 of *Capital*, Chapter 1, and its results. As mentioned before, we hold that it essentially informs the overarching structure of Marx's critique of fetishism. We will apply it to some recent critiques of Marx's project, which have gained momentum in Marx research over the last decades, namely the 'New' or 'Systematic' Dialectic

'Value may only be visible (sic) in exchange, but it is certainly not "created" there'. Heinrich 1999, p. 243. For a critical evaluation of Backhaus (Backhaus 2011), see Chapter 5.1.

41 See e.g. Itoh 1976, p. 312; Reuten 1993, p. 89; Arthur 2006, p. 10; Harvey 2018, p. 1. Interestingly (or rather tellingly), these authors do not provide any original source for their claims.

42 '… by immediately presenting the labour theory of value, the historical viewpoint formally established for the first time by Marx regresses to the "failures" of classical political economy and cannot escape its dangers'. Uno 1974 [1962], p. 158.

approach (Chris Arthur, Geert Reuten) (Chapter 1.3). Because with regard to their criticism of the labour theory of value, Uno can be regarded as their predecessor, this section serves as a critical template or *prism* through which the book's impetus can be viewed – namely to reinstate Marx's Critique of Political Economy as the most adequate heuristic known to science for understanding, evaluating and overcoming today's capitalist predicament.

1.1 The Critique of Fetishism and Uno's Theory of 'Pure Capitalism'

> But the investigation of cognition cannot take place in any other way than cognitively; in the case of this so-called tool, the 'investigation' of it means nothing but the cognition of it. But to want to have cognition *before* we have any is as absurd as the wise resolve of Scholasticus to learn to *swim before he ventured into the water*.
>
> HEGEL, *Encyclopedia* (1830)[43]

∴

Because already in the value-form of money, we can no longer see or detect what it has 'got to do' with human labour – and money, for Marx, is the 'direct incarnation of all human labour'[44] – Marx's Critique of Political Economy can be said to present the *forensic investigation* into the *increasing* mystification (from the commodity to interest-bearing capital) of the fetishistic categories of conventional political economy and its critique. As mentioned earlier, this mystification or fetishisation is mediated by the process of exchange, in which value receives the 'palpable', yet inverted form of appearance – precisely as money. Because *value never appears as such* – it is not an empirical category – it must cling to these apparent, empirical forms, generated by circulation and exchange.[45] This movement however, mediated by the process of exchange, as Marx says, 'vanishes in its own result, leaving no trace behind'.[46] Marx's assignment is therefore in the reconstruction of the process, a forensic or probably

43 Hegel 1991 [1830], p. 34.
44 Marx 1976, p. 187.
45 We will return to this important relation between the empirical and the non-empirical in our discussion of the 'transformation problem' in Chapter 4.
46 Marx 1976, p. 187.

even *archaeological attempt* to reveal how certain categorial misconstellations in the scientific view of the capitalist metabolism are conducive to *burying* the origin of value, and hence the social dimension of the capitalist (re-)production process. Uno however precisely misses Marx specific interest in the categorial reconstruction: the problem of the *constitution* of these categories themselves. According to our understanding,[47] Marx's theory of value is therefore primarily a theory of the *form-content* (*Formgehalt*) and of the necessary *constitution* of the fetishistic forms of value (the commodity, money, capital, wages, price, profit, interest, rent, etc.), which form the categories of the bourgeois horizon. It is this crucial – perhaps even the *sine qua non* – dimension of Marx's project as a whole which we find truncated, if not altogether missing, from Uno's intervention. This criticism directed against Uno Kōzō's understanding of value and its fetish character in 'societies, in which the capitalist mode of production prevails',[48] however fundamental it may appear, is not meant to slight Uno's merits as an important pioneer of a non-dogmatic (that is, anti-Stalinist) Marx interpretation. It therefore differentiates between Uno as probably the foremost Marxian economist in Japan after World War II, and his often idiosyncratic approach to interpreting the texts in question. In the following, we shall therefore look more closely at important stations in Uno's life and the formation of his theory.

1.1.1 *Uno's Approach to Political Economy*

Without a doubt, Uno Kōzō (1897–1977) remains one of the most influential Marxian economists today. In Japan, his legacy in left-wing or Marxist economic interventions, especially in theories of value, finance, globalisation and crisis,[49] cannot be overestimated. Outside of Japan, his following – often

47 Seminal research literature has been published on Marx's fetishism-critical method in the last 30 years, mostly in German. Authors like Helmut Brentel, Anton Fischer, Dieter Wolf, Nadja Rakowitz, Frank Engster, Ingo Elbe, Christian Iber, Ingo Stützle, and others, have published path-breaking works in the fetish-critical branch of value form theory. We largely base the argument presented here on this line of research, with special consideration of Helmut Brentel. The translation of especially Helmut Brentel's seminal work in English remains an extraordinary desideratum. *Historical Materialism*'s translation projects provide an excellent opportunity to become acquainted with these works and should be supported.

48 Marx 1976, p. 125.

49 For Uno's lasting influence in the recent literature, see e.g. the works of Obata Michiaki (e.g. Obata 2009, 2013), Yamaguchi Shigekatsu (Yamaguchi 1996, 2000, 2010), the volume *Global Capitalism and Stage Theory*, edited by Kawamura Tetsuji et al., a part of a 10-volume series on the *Transformation of Modern Capitalism and Political Economy* (Kawamura et al. 2016). Scholars associated in the Japan Society for Political Economy (JSPE,

through the popularising efforts of Uno's students Thomas T. Sekine and Itō Makoto since the 1970s – includes such prominent Marxist academics as Robert Albritton or the theorist of money and finance, Costas Lapavitsas. Karatani Kōjin, arguably the internationally best-known Japanese intellectual and cultural historian, has studied with Uno at Tokyo University in the 1960s. While a student, he became radicalised by Uno's ideas, joining the 'Bund', or the Communist League (*Kyōsanshugisha Dōmei*).[50] Uno was born in the mid-Meiji era (1868–1912) in Kurashiki, a provincial town in the prefecture of Okayama in the south of Japan, famous for its modern spinning mill,[51] developed industry and its past as a principal reloading site for merchant goods in the Edo period (1603–1867).[52] Coming from a family of merchants himself, Uno enrolled at Tokyo Imperial University in 1918 to study economics. He graduated in 1921, supporting himself and his newlywed Maria by a post at the Ōhara Institute for Social Science, affiliated with Hōsei University in Tokyo. At this time in Japan, there was little interest in Marx and the Critique of Political Economy at Japanese economics departments. Instead, the influence of the Japanese *Verein für Sozialpolitik* (*Shakai seisaku gakkai*), an anti-Marxist, liberal economic association influenced by the German Bismarckian economists Gustav Schmoller (1838–1917) and Lujo Brentano (1844–1931), could be felt throughout the field.[53] Uno, however, early on became interested in Marx and 'scientific socialism'. His earnestness in pursuing his studies of Marx led him to board a ship to Berlin, Germany, in 1921 where he spent two years 'reading, reading, reading: *Capital*, Lenin on imperialism, and against Karl Kautsky, the socialist and communist daily

Keizai riron gakkai), a Marxist association devoted to issues of critical political economy, also make use of Uno's work and intervention. Kawamura Tetsuji is the current chairman. The Uno School in the narrower sense is linked in the think tank 'Uno Theory' (unotheory .org) which proclaims to contribute to 'Rejuvenating Marxian Economics through Uno Theory'. Their semi-annual newsletter, published in Japanese and partly in English, contains recent research in Uno theory. In the international context, Palgrave Macmillan is at the forefront for publications on the Uno or, rather the 'Uno-Sekine' tradition which has evolved from Thomas Sekine's interpretation of Uno's theory in the English-speaking world, for which mainly Robert Albritton is representative (see Albritton 1986, 1991; Sekine 1997, Albritton and Sekine 1995, Albritton and Simoulidis 2003, Albritton et al. 2001, Richard Westra and Alan Zuege 2003).

50 For Karatani's account of Uno's influence at the University of Tokyo, see Barshay 2004, p. 124.

51 The *Kurashiki Bōsekisho* or 'Kurashiki Spinning Mill' was founded by entrepreneur Ōhara Kōshirō (1833–1910) in 1888 and was regarded as Japan's most modern spinning factory.

52 'Kurashiki-shi' literally means 'City of Storehouses'.

53 For an overview of the earliest reception of Marx's works in Japan, see Lange 2014.

press'.[54] Uno had read Marx's works in the German original;[55] complete Japanese translations have not been published before 1924.[56] While in Germany, Uno is reported to have been 'listening and observing, attending party rallies, sharing life and information and acquaintances with other Japanese in residence',[57] sucking in the spirit of the times. In the wake of the Russian Revolution in the early 1920s, the world suddenly became a place where the shifting of parameters seemed possible. In 1924, on his return to Japan, Uno took the position of associate professor at Tōhoku Imperial University in Sendai in the north of Japan, to teach 'economic policy'. Here, the shadow of the imposition to focus on classical and neoclassical economics loomed over his own interest in Marx's theory. It wasn't until after the Second World War that Uno's interest in the 'scientific method' of Marxism began to find expression in his own publications. That was not only due to the political atmosphere of ultranationalist Japan in the 1930s. Uno was deeply involved in the so-called 'Debate on Japanese Capitalism' (*Nihon shihonshugi ronsō*) that significantly shaped Marxist intellectual life in Japan between 1933 and 1937.[58] In the years following the founding of the Japanese Communist Party (JCP) (*Nihon kyōsantō*) in 1922, the debate on Japanese capitalism emerged as an inner-party debate about how to correctly

54 Barshay 2004, p. 98.

55 Uno seems to have worked with both the original texts and Japanese translations in his later writings. In the Preface to his main work, the *Principles of Political Economy* (1950/2, 1964), we hear: 'Quotes from *Capital* in the Institute-edition [the Institute of Marxism-Leninism of the Central Committee in Moscow, i.e. the first edition of the Marx-Engels-Gesamtausgabe or MEGA, published until 1938] are identified as 'I', quotes from the Japanese translation [the Iwanami Bunkō translation] are identified as "Iwa"'. Uno 1964, p. 10. Whether by 'Iwanami Bunkō translation' Uno refers to the translation by friend and comrade Sakisaka Itsurō (1950) or the earlier translation by Hasebe Fumio (1929), is unknown.

56 Marx's and Engels's works have been translated into Japanese from the early 1900s on. A translation of Marx's and Engels's *Communist Manifesto* appeared in 1904 in the first anniversary edition of the *Heimin Shinbun* ('The Commoner's News'), a weekly journal founded by the early Meiji socialist Kōtoku Shūsui, who also translated it. Kōtoku later moved away from socialism to become an anarchist. In 1911, he and eleven other revolutionaries were found guilty of trying to assassinate the Emperor and subsequently executed. The following 'winter years' of Japanese Marxism that eventually not only paralysed the socialist movement, but also theoretical endeavours in Marx exegesis, were succeeded by a new interest in Marxian works triggered by the Russian Revolution. The first Japanese translation of the first volume of *Das Kapital* (*Shihon ron*) by Takabatake Motoyuki (1886–1928) was published in June 1920 by Kaizōsha, followed by Volumes II and III in 1924. A short summary of all three volumes of *Capital* was, however, presented to the public in the Ōsaka edition of the *Heimin Shinbun* by Yamakawa as early as 1907.

57 Barshay 2004, p. 98.

58 Arguably the best study on the debate, both on its extent and intent, remains Germaine Hoston 1986.

evaluate the *Meiji* restoration:[59] either as a bourgeois revolution that, with the growing expansion of capitalist heavy industry and the expected roll back of the traditional agrarian sector, would automatically lead to the elimination of all feudal remnants – presenting a so-called 'theory of a one-step revolution' (*ichidankai kakumei ron*) – or as an incomplete, if not *failed* attempt to establish a bourgeois-capitalist state which instead called for a so-called two stage revolution, the *nidankai kakumei*. According to this latter interpretation, first, a bourgeois-democratic state modelled after Western European developed capitalist states would have to be established, and second, its overcoming by the proletarian, the final revolution, would have to be aimed at. The *Kōza-ha* (Lectures-group),[60] who supported the latter view, remained loyal to the JCP and the Comintern theses on Japanese capitalism which saw Japan as an economically underdeveloped country, whereas the *Rōnō-ha* (Labor-farmer-group) even seceded from the JCP in 1927 to form a powerful and influential 'non-Communist party Marxist group'.[61] It launched its attacks against the party line in its journal *Rōnō* (*Labourers and Farmers*) that had been founded immediately after the split with the JCP in December 1927 and gave the group its name. The *Kōza-ha* as well as the *Rōnō-ha* were exposed to severe persecution by the military state between 1928 and 1937. In the so-called 'Popular Front Incident' (*Jinmin sensen jiken*) of 1937 and 1938, more than 400 members of the *Rōnō-ha*, mostly university professors, were arrested – among them Sakisaka Itsurō, a close associate of Uno Kōzō and translator of *Capital*, and Uno himself, although he was, if close to, not a direct member of the *Rōnō-ha*. While formerly 'purged' or arrested Marxist theorists were only able to return to their academic positions during the US occupation, Uno, briefly arrested in 1938, had been able to work for a private research position at Tōhoku Imperial University since 1941, keeping him financially afloat. During his 'Sendai years', Uno published his first monograph, the major part of his work on *The Types*

59 The abolishment of the Tokugawa clan's feudal state and the reinstallation of the Emperor system between 1867 and 1869 is generally referred to as the Meiji restoration (*Meiji ishin*).

60 The publication that gave the Kōza-ha its name was the 7-volume *Lectures on the History of the Development of Japanese Capitalism* (*Nihon shihonshugi hattatsu shi kōza*), which was modelled after a Marxist-Leninist interpretation of Japanese history in accordance with the Comintern theses from 1927 and, partly, 1932. It was published by the prestigious Iwanami shoten publishing house 1932–3. For a detailed discussion of the appropriation of the Comintern theses into the JCP's view of Japanese history and its divergences, see Furihata 1987.

61 See Hoston 1986, p. 38. For an overview of the *Kōza-ha-Rōnō-ha*-debate, see Hoston 1986, pp. 35–75, Sugihara 1987, pp. 27 ff., Itoh 1980, pp. 22 ff., Gayle 2003, pp. 24 ff., Hoff 2009, pp. 48–52.

of Economic Policies (*Keizai seisakuron*) in 1936 (the final version appeared in 1954). But it wasn't until 1947, when he had been appointed professor for economics at the prestigious Tokyo Imperial University where he taught until his retirement in 1958, that he became a prolific writer. Mainly in this decade, his interest in the method and object of political economy as a rigorous 'science' was reflected in his publications, such as the seminal *Theory of Value* (*Kachiron*) (1947). Uno's writings in this time also reflected a deliberate detachment from JCP's re-established appropriation of the 'ideological' interpretation delivered by the Comintern.[62] His stance against the 'nomenklatura' not only gave a particular significance to Uno's merits as an outspoken anti-Stalinist,[63] but secured him a large following since the 1960s known as the (original) Uno School of political economy in Japan. According to Uno's associate Furihata Setsuo, it formed 'one of the three dominant streams of postwar Japanese social science, alongside the political science of Maruyama Masao and Ōtsuka Hisao's economic history'.[64] Many well-known Marxist economists (Ōuchi Tsutomu, Ōuchi Hideaki, Iwata Hiroshi, Furihata Setsuo, Itō Makoto (Makoto Itoh), Baba Hiroji, Sekine Tomohiko, among others) belonged to the Uno School, although, with the exception of Itoh and Sekine, the scope of their theoretical efforts remained largely confined to Japan. In the 1980s however, following Uno's death in 1977 and the seemingly unstoppable rise of neoliberal agendas, even *critical* engagement with Marx's mature oeuvre had become increasingly difficult in the context of academic economic debate. The Uno School, i.e. the school of thinkers still directly associated with Uno in Japan, became largely obsolete in the 1980s. After his retirement from Tokyo University, Uno continued to teach at Hōsei University until 1968. While Uno had published over 10 mono-

62 For a historical contextualisation of Uno's theoretical engagement in post-War Japan, see Barshay 2004, pp. 92–4, 97–100, 120–6. See also Hoff 2016, pp. 97–115.

63 In an interview originally published in 1958, Uno officially attacked Stalin's view of the 'law of value' as transhistorical, simultaneously rebuking Engels' doctrine of simple commodity production: '… the law of value is the fundamental economic law of capitalist society – in this point my understanding differs from Stalin … To say that the law of value of the commodity entirely demonstrates this lawfulness (*hōsokusei*) as a necessity does not mean that products are merely exchanged as commodities, and it does not mean that they are merely produced as commodities. But it means that commodities are produced by commodities, and that they exist within capitalist commodity economy …' Uno 1974 [1958]a, p. 119. For Uno, Stalin's treatment of 'the law of value' as transhistorical 'obscures the relation between the economic principles that are contained within and undergird the laws of commodity economy on the one hand, and their historical form on the other, rendering vague the historical significance of abolishing the commodity form'. Ibid., quoted in Barshay 2004, p. 122.

64 Furihata (ed.) 1989, pp. 152–3. Quoted in Barshay 2004, p. 120.

graphs during his lifetime – mostly interpretations and contributions addressing topics in Marx's *Capital* and other economy-critical writings (today collected in the 1973/74 *Iwanami shoten* edition of his Collected Works (*Uno Kōzō Chosakushū*) – his most important work remains the *Principles of Political Economy* (*Keizai Genron*), which presented Uno as a radical re-interpreter of Marx's *Capital* and established his international significance. The book first appeared in two volumes in 1950 and 1952 and an abridged version (supervised by Uno himself) in 1964.[65] On the other hand, however, Uno became known as a 'stage theorist' of capitalist economic development – and it was arguably the latter that sustained his reputation. The theory of different stages of capitalist historical-economic development, however, was contained in the larger structure of what Uno termed the 'Three Level-Method' (*sandankairon*) of political economy as a science: according to Uno, the method of the 'science' of political economy should comply to a threefold structure, to become known as the 'three level-method' or, more literally, the 'three stages theory' that guaranteed the coherence of the method and the object of investigation, namely the capitalist 'commodity economy'. It was conceived of as early as in the first edition of *Principles of Political Economy* (hereafter: *Principles*) in 1951.[66] In the abridged version of 1964, this method was referred to as resulting from the necessity to integrate a theory of imperialism as a mediating link between the 'pure theory' of capitalism (*genriron*) and the stages-theory of capitalist development (*dankairon*).[67] The 'pure theory' is characterised as 'presuppos[ing] the abstract context of a purely capitalist society made up of the three major classes of capitalists, workers, and landowners in order to account for the laws peculiar to capitalism and the dynamics of their (?) operation'.[68] In contradistinction to the 'pure' analysis of the principles (*genriron*), then, a second level of abstraction or 'stage theory' (*dankairon*) serves to present the concrete *historical* periods of capitalist development in their temporal sequence: mercantilism, liberalism, and imperialism, and their corresponding forms of

65 A discussion of the *Principles* forms the largest part of our analysis.

66 'The field of research of political economy becomes separated into, first, the purely theoretical system, second, the world-historical developmental stages of capitalism, third, the three stages of capitalism in each single country, or the concrete analysis of world capitalism. Furthermore, as against the economic analysis of capitalist societies, I want to show the economic history of pre-capitalist societies, or the individually appropriate method for the study of socialism'. Uno 1973 [1951], p. 18.

67 'If *Capital* is left as it stands, and if the doctrine of imperialism is considered merely as an appendage, the relation between the pure theory of capitalism and the stages-theory of capitalist development cannot be fully understood'. Uno 1980, p. Xxvi.

68 Uno 1980, p. Xxii; Uno 1964, p. 12.

capital: merchant capital, industrial capital, and finance capital, respectively. On the third and last level of the method of political economy, an 'analysis of the actual phenomena' (*genjō bunseki*) serves to evaluate the concrete political situation, not only of today, but of the past periods. The third level which Uno also calls the 'ultimate aim of the research of political economy' also prepares the stage of direct 'socialist practical action', which is neither given in the principles nor the historical stages.[69] Probably less investigated than his stages theory or 'three-level method', however, is Uno's direct engagement with Marx's theory in *Capital*. While in Chapter 2 we will exclusively discuss the problematic of Uno's *sandankairon*, we consider it an as yet unfulfilled desideratum to investigate Uno's engagement with *Capital* and other of Marx's economy-critical writings more closely. Our investigation is thus primarily directed at Uno's theory of 'pure capitalism' or the 'theory of principles' (*genriron*). At this point, it will suffice to briefly characterise the theory of 'pure capitalism'.

In his *Principles*, the only monograph translated into English for 36 years since its publication in 1980,[70] Uno presented a 'theory of principles' (*genriron*), heavily intervening in, restructuring and limiting the architecture of Marx's *Capital*, with which Uno throughout his life remained in a theoretical dialogue. To name but two examples: first, crucially for Uno, the 'theory of principles' is free from references to real historical development, empirical or statistical evaluations, and therefore, in contrast to Marx's *Capital*, which heavily draws on and theorises these data, limits the scope of presentation to a 'pure theory', or, as it were, a theory of 'pure capitalist society' (*junsui shihonshugi shakai*). It therefore represents the direct application of the level of 'pure theory' or 'principles'. Second, and more significantly for the present study, while Marx starts the first volume of his main work with the analysis of the 'Production Process of Capital', Uno regards the 'Doctrine of Circulation' (*ryūtsūron*), i.e. the economic circulation 'forms' of the commodity, money and capital, as unrelated to the process of production, and as *primary* to the study of a 'commodity economy'.[71] For Uno, Marx's labour theory of value is prematurely introduced

69 Uno 1974 [1962], p. 55 and pp. 60–1.

70 In 2016, the English translation of Uno's *Types of Economic Policies under Capitalism* (*Keizai Seisakuron* 1936/1971) was published, by the same translator and long-time Unoist, Thomas T. Sekine. See Uno 2016 [1971].

71 The term 'commodity economy' is favoured by Uno throughout his work over Marx's term 'capitalist relations of production', which already shows where Uno's interest differs from Marx: while, for Marx, capital is mainly characterised by the specificity of its contradictory social relation to (wage) labour, for Uno, the specificity lies in capital as a principally commodity producing society. We will return to this issue in Chapter 2.

for the theory of money and capital. Its systematic locus should instead be in the analysis of the process of production.[72] Furthermore, in his reconstructive reading, stretching from his works on value (*Kachiron*, 1947) to the *Principles*, Uno strongly criticises Marx's 'derivation' of money from the analysis of the commodity and the labour theory of value, arguing instead that money already represents the guarantee of the commodities' commensurability.[73] These preliminary remarks should only help to 'filter' where we believe Uno's intervention significantly departs from Marx's, while the actual analysis of Uno's own reconstruction, especially his reconstruction of the scope and intent of *Capital* in the *Principles* and other writings, is performed in detail in the forthcoming chapters. However, one further significant theoretical structure informing Uno's categorial reconstruction as against Marx's should not go unmentioned at this point. We shall briefly turn to it in the following.

As we will see and prominently discuss, Uno's approach to political economy is fundamentally based on the structural and systematic heuristic prevalence of *use value* over *value*. This sets him squarely apart from Marx's heuristic of the centrality of *value* and the fetishistic forms it assumes. The conceptual circumference of *use value* in Uno serves to strategically account for capitalism's alleged 'self-regulatory'[74] production in a 'commodity economy' where production meets 'society's needs', and which stresses the role of commodity owners for exchange and equilibrium production conceived as the 'law of value' (*kachi hōsoku*). For Uno, the capital relation itself becomes secondary to social production. In fact, the 'law of value', for Uno, is a 'corrective process' through which economic laws are 'enforced', and in which 'social imbalances tend to be removed, as individual producers pursue their profits'.[75] This evaluation sets Uno's 'law of value' radically apart from the labour theory of value, in both its methodological significance as well as in scope and meaning. In Uno's theory of pure capitalism, use value and the 'social satisfaction of needs' become the angle from which capitalist production is viewed, with the 'law of value'

72 'Marx begins the first chapter of Capital, vol. 1, by pointing out the importance of the commodity-form that products assume. But after stating that use-value and value are the two elements of the commodity, he immediately attributes the substance of value to labour that is required to produce the commodity. But the production process of a commodity is not yet analysed at this stage … This means that commodity production or the production process of capital can be introduced only after the conceptual development of the form of the commodity into that of capital'. Uno 1980, pp. xxvii–xxviii.

73 We discuss this, along with Itoh Makoto's and Costas Lapavitsas's theories of money, in Lange 2017.

74 Uno 2016 [1971], p. 17.

75 Uno 2016 [1971], p. 17.

as the framework of an 'equilibrium' view of social production. This stands in clear opposition to Marx's own heuristic of (surplus) *value* as the centre around which production is organised. Because for Marx, the production of monetary *surplus value* is at stake in capitalist production – the 'general form of wealth as wealth' – the aim of producing capital is 'never use value'.[76] Accordingly, we believe that Uno's basic approach to political economy as an equilibrium form of production aimed at use value is fatal, for it systematically obscures the kernel of capitalist production based on the exploitation-nexus: '… instead of the scale of production being determined by existing needs, the quantity of products made is determined by the constantly increasing scale of production dictated by the mode of production itself. Its aim is that the individual product should contain as *much unpaid labour as possible*, and this is achieved only by *producing for the sake of production*'.[77] We will see that what we argue to be 'use value fetishism' indeed forms a vital structural problem in both Uno and Uno-affiliated research.[78] For someone who has dedicated fifty years of his life to the study and especially the method of *Capital*,[79] culminating his efforts in a complete reconstruction of the architecture, scope and – as I will argue – object of Marx's magnum opus, this is quite an astonishing result. We will see that Uno's radical departure from Marx's original *problematic*, the Critique of Political Economy and the critique of fetishism, also necessitates a different *framing* of the object of critique: the capitalist mode of production no longer designates a *problem*, but a *fact*. Uno's approach to the object of political economy therefore incorporates both a methodological and factual 'unhinging' of Marx's entire project as a *critique*. As we will see, this 'unhinging' is not limited to the heuristic prevalence of use value over value. It is also expressed in the reference to the framework of methodological individualism in the personal 'wants' of commodity owners implied in his reinterpretation of the analysis of the value form (Chapter 3.2.), an understanding of 'social reproduction' detached from the exploitation of alien and unpaid labour (Chapter 4.1.), the dismissal of a concept of crisis in favour of a concept of business cycles consolidating that equilibrium (Chapter 4.2.), and other significant divergences from Marx's project. These crucial departures from Marx's critical impetus, however, altogether hinge on Uno's reformulation, and – as we contend – mutilation of Marx's

76 Marx 1973, p. 600.

77 Marx 1976, pp. 1037–8. Original emphases.

78 The term 'use value fetishism' was coined by Kornelia Hafner, in Hafner 1993. See our discussion in relation to Uno in Chapter 5.3.

79 *Fifty Years of* Capital (*Shihonron gojūnen*) is the title of Uno's 2-volume monograph from 1970 and 1973.

labour theory of value into an equilibrium, use value-oriented and overtly harmonious 'law of value'. As mentioned earlier, Marx's theory of value is not only a heuristic schema for grasping the social mode of capitalist production as a scientific object. It much rather presents the *method of critique* by which we can adequately confront the object of our scientific interest, namely the capital-relation, i.e. the relation between capital and the social form of labour, as the structuring principle of this thing we call 'capitalism'.

1.1.2 *Marx's Labour Theory of Value as Method* (*The Turing-Bombe of Political Economy*)

It may be useful at this point to say a little more about the specific critical claim of Marx's value theory. We hold that it serves as the methodological tool that links Marx's Critique with its *object* – the categories of bourgeois and vulgar political economy – and, by doing so, points to the *blind spots* of conventional economic thought that necessitates its various fetishisms. This claim, needless to say, not only sets Marx's theory of value radically apart from the value theory of the classics, but likewise becomes the ground for their *critique*. We will show in the next section that Adam Smith and David Ricardo, despite the widespread view to the contrary, did *not* hold a consistent, social labour theory of value at all – and that, in fact, only Marx's value theory is able to form both the ground to a consistent critique of the categories of conventional political economy and account for the analysis of their implementation in the reality of the capitalist production process. We therefore follow Brentel's contention that

> [it is] Marx's central insight that the labour theory of value as a historical-economic logic of ground and measure (*historisch-ökonomische Begründungs- und Maßlogik*) of capitalist-industrial society – 'labour' precisely both as immanent *measure*, as well as *ground* of value – can only be performed as a form-and fetish-theory of economic-social objectivity.[80]

Already for Marx, who, as will be explained soon, confronted the *problem of presupposition* in the exposition of the labour theory of value in the first chapter of *Capital*, the labour theory of value presents the 'secret' to the fetish-character of the commodity. In the history of its reception however, despite the section title in which the theory of commodity fetishism is presented – 'The Fetishism of the Commodity and its Secret' – the 'secret' to the fetish-character has been almost entirely, and comfortably, ignored. Except that Marx made it very clear

80 Brentel 1989, p. 19. Emphasis added.

that this 'secret', i.e. that *labour-time* is the real measure of exchange relations, can only be ignored at the cost of – one's head:

> … in the midst of the accidental and ever-fluctuating exchange relations between products, the labour time socially necessary to produce them asserts itself as a regulative law of nature. In the same way, the Law of Gravity asserts itself when a person's house collapses on top of him. The determination of the magnitude of value by labour-time is therefore a *secret* hidden under the apparent movements in the relative values of commodities.[81]

From this alone it becomes evident that Marx's decision to present his theory of value right at the beginning of *Capital* was neither a methodological stopgap nor an unproven presupposition, but the objective and methodological vantage point that structures his analysis not only in its *essence*, but in its *form*.

Previously, we indicated that the labour theory of value is not only 'statically' applied to certain categorial misconstructions in conventional political economy. It much rather accompanies these misconstructions to account for the *dynamic* by which the source of value in labour is categorially lost. The fetishistic character of categories such as interest and rent therefore does not only stem from a 'real abstraction' as constitutive of the mode of cognition within the horizon of capitalist exchange relations.[82] That is, even in cases when the source of value does not seem to emerge from exchange alone ('profit upon alienation'), namely in the production process itself, it may seem to the capitalist as though the source of value stemmed from his own investment, from his own advanced capital, e.g. machines or technology. For Marx, this type of fetishism is the belief of capital as 'fruit-bearing', to which he returns time and again throughout his economic writings (for example, he dedicates a whole chapter to 'Interest-bearing Capital as a Fetish-form of Capital' in the *1861–63 Economic Manuscripts*).[83] To illustrate the complex of the fetish and to give an

81 Marx 1976, p. 168. Emphasis added. There is a common misunderstanding for the 'regulative law of nature' to indicate a kind of 'second nature' as has been theorised by Adorno and Lukács to describe a type of 'supra-individual domination'. See O'Kane 2013, p. 64. Marx clearly means that *in reality*, the exchange relations are determined by the labour socially necessary to produce them. This has nothing to do with the individuals' conscious or unconscious relation to exchange.

82 On the concept of real abstraction in Alfred Sohn-Rethel, see Lange 2021 (forthcoming).

83 'Interest-bearing capital is the perfect fetish. It is capital in its finished form – as such representing the unity of the production process and the circulation process – and therefore yields a definite profit in a definite period of time. In the form of interest-bearing capital

example for the origins of obfuscation, let us briefly review how Marx develops the categories of interest and rent from the standpoint of the 'functioning capitalist' (the industral capitalist receiving interest-bearing capital) in the *1861–63 Economic Manuscripts*:

> Thus two forms of surplus-value – interest and rent, the results of capitalist production – enter into it as prerequisites, as *advances* which the capitalist himself makes; for him, therefore, they do not represent any surplus-value, i.e., any surplus over and above the advances made. As far as these forms of surplus-value are concerned, it *appears* to the individual capitalist that the production of surplus-value is a part of the *production costs* of capitalist production, and that the appropriation of other people's labour and of the surplus over and above the value of the commodities consumed in the process (whether these enter into the constant or into the variable capital) is a dominating condition of this mode of production … In critical moments, profit too confronts the capitalist in fact as a condition of production, since he curtails or stops production when profit disappears or is reduced to a marked degree as a result of a fall in prices. Hence the nonsensical pronouncements of those who consider the different forms of surplus value to be merely forms of distribution; they are just as much forms of production.[84]

The crucial point here being that in the *consciousness and standpoint of the capitalist*, 'everything happens above board, and at the same time, it does not' (Adorno).[85] To the functioning capitalist, surplus value in the form of interest *appears* as a cost of production, since he has borrowed the money or the 'value advanced' with which production began. At the same time however, the functioning capitalist is unaware of how this surplus *pays* not only interest and rent, but even *his own profit*. He is unable to see how interest and rent become the *conditions* of wage labour, which again yields the surplus from which his profit, interest and rent is formed. The only thing that interests the capitalist are his costs of production and his profit. What happens in between, the origin of *both his costs and his profit*, is anathematic. Interest-bearing capital, for Marx, conceived of 'without the mediation of either production process or circulation process' is the 'consummate *automatic fetish*, the self-valorising value,

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only this function remains, without the mediation of either production process or circulation process'. Marx 1989b, p. 451.

84 Marx 1989b, pp. 477–8.

85 Backhaus 2011, p. 506. Own translation.

the money-making money, and in this form it no longer bears any trace of its origin'.[86] But it is precisely this phenomenal state that crucially informs bourgeois political economy's *scientific* evaluation – and here is also the source of the 'sticking fast' to the apparent forms that gives rise to the fetishism of e.g. profit, interest and rent and capital, and *not labour*, as 'fruit-bearing'. For Marx, therefore, '[the] categories of bourgeois economics consist precisely in forms of this kind'.[87] The above passage however also serves as a striking example that for Marx, fetishism is *not* a problem of a subjectively 'wrong' or 'illusionary' perception of reality. What Marx also calls 'objective forms of thought',[88] and what Hegel has termed 'objective thought' (*objektiver Gedanke*)[89] are 'socially valid',[90] and hence *objective* phenomena. For both Marx and Hegel, 'objective forms of thought' are the result of a process in which subjective consciousness becomes sublated, which – to speak with Marx – gain an objectivity that becomes *independent* of 'the will, foreknowledge and actions'[91] of individuals. As Ingo Elbe contends, '[objective] forms of thought for Marx are neither value nor money as economic forms, but the reproduction-in-thought of these forms in their "ready-made" form of appearance, in which they no longer exhibit the social mediation of their own genesis'.[92] Yet, the category of abstract labour that constitutes the 'buried essence' of capitalist self-representation cannot be *empirically verified/falsified* – its self-representation can only ever appear in fetishistic form, as money, profit, interest, etc., fostering its various fetishisms. It has no other mode of existence. It is therefore only by the methodological 'Turing-Bombe' of political economy, the labour theory of value *as the logic of the substance, the measure, and the form* of the capitalist metabolism, that a common grounding nexus of the disparate forms that value assumes in its actual existence, as money, price, profit, interest, rent, etc. can be meaningfully 'decoded' and thus generated. To explain why we believe this faculty allows the labour theory of value to link Marx's critical method with its object, we shall briefly refer to the problematic of *essence* and *appearance* and the notion of *form*, and especially the *form of labour*.

86 Marx 1989b, p. 451. Original emphasis.
87 Marx 1976, p. 169.
88 Marx 1976, p. 169.
89 'The expression *objective thoughts* signifies the truth which ought to be the absolute object, not just the goal of philosophy'. Hegel 1991 [1830], p. 63. For Hegel, in contrast to Marx, objective thought denotes the thought-determinations (*Denkbestimmungen*) of an object, is necessarily true.
90 Marx 1976, p. 169.
91 Marx 1976, p. 167.
92 Elbe 2008a, p. 3.

As mentioned earlier, the question of essence (or substance) and appearance (or form) is a recurring theme in Marx's Critique, and serves as a fruitful heuristic in light of the role of the labour theory of value for the critique of fetishism, i.e. the critique of the fetish-character value assumes as *form*. Again, it is important to be aware of this notion of *form as fetish*, for it marks the discursive sphere in which Marx's Critique is embedded. In this sense, in his important work on Marx's critique of fetishism, Stephan Grigat points out that the 'secret' of the fetish consists not so much in the *quantitative* expression of value in labour time as the measurement of the magnitude of value (its 'substance'), as 'orthodox Marxism' would have us believe, but rather in the *qualitative form* of capitalist labour itself.[93] Indeed, Heinrich has emphasised with regard to the transformation problem that the central problem of Marx's value theory, namely how it 'is *possible in the first place* to relate products of labour to one another *as commodities*',[94] has been neglected in theories of value, which recur to the labour theory of value as a *quantitative* model for determining price, instead of emphasising the *qualitative form* of the specific kind of labour which is productive of value (abstract labour). While we agree with these authors that the labour theory of value is *not exhausted in determining the magnitude of value*, we think that the relevance of Marx's value theory consists first and foremost in delivering the *critique of the forms that value assumes* in bourgeois productive relations. With 'higher productive relations',[95] (abstract) labour becomes increasingly obscure, as the fetishistic forms of value proceed to abstract from the process of production. What therefore remains hidden is the *form of labour* under capitalist production – and this second meaning of 'form' plays yet another significant role for Marx's Critique, famously in his direct reckoning with Smith and Ricardo's negligence of the 'form of value which in fact turns value into exchange-value',[96] i.e. the *social form* of *exchange-value positing labour* (*tauschwertsetzende Arbeit*). With regard to these two equally important and yet distinct specific usages of *form* in Marx's Critique, Helmut Brentel has developed the heuristic of Social Form I and Social Form II:

> It is … crucial to comprehend that Marx views both value and value-form as specifically *social forms* (*soziale Formen*) of social labour (*gesellschaftlicher Arbeit*). Abstract-general labour as the substance of value

93 Grigat 2007, p. 73.
94 Heinrich 1999, p. 277.
95 Marx 1904 [1859], p. 31.
96 Marx 1976, p. 174, footnote 34.

> already presents a specifically social form (*Form I*), which assumes its form of appearance and existence in the categories of bourgeois economy (*Form II*).[97]

In other words, these two concepts of form which equally inform Marx's critical method are *related*: in 'Form I', the social form of labour that is exchange-value positing or abstract labour, presents the hidden matrix, or the 'Turing-Bombe' to 'Form II', which designates the autonomisation from the 'conscious standpoint' of the economic agents, paradigmatically as the autonomisation from use-value in the value-form of *money*. The form of social labour in capitalism (Form I), for Marx, is therefore to be found in the concept of abstract labour at the beginning of his exposition, which 'passes through' (*tōsu*) – to use an emblematic expression by Uno – the forms of appearance which the value forms (Form II) assume. Needless to say, the labour theory of value, which defines abstract labour as this 'commonality', as substance, can only reach its full exposition, and with it, its full 'confirmability' at the end of the exposition, when *all* the categories of political economy 'will have been' analysed. It therefore anticipates a methodological 'future tense' that we have elsewhere named 'the pudding' whose proof is in 'eating it', i.e. in applying the model of labour as social form as the interpretative framework.[98] Yet, this is precisely the analytical and anti-dogmatic strength of Marx's labour theory of value. For the crucial insight into the presupposition of the labour theory of value lies in the *method of its proof*, i.e. in the very *process of the critical analysis* of the categories and contentions of political economy: in 'eating the pudding'. Hence the 'proof' of the 'pudding' – the labour theory of value – is in 'eating it', i.e. reviewing the contentions, convulsions and conventions of the theoretical interpreters of the bourgeois relations of production, the political economists, at every level of the unfolding of their categories. The fact that it cannot be proven without the process of its own implementation that must pass through the *totality* of capitalist social relations and their conventional interpretation is however what endows its with its anti-positivistic and anti-dogmatic character. We can therefore conclude that for Marx's labour theory of value as the critical method of the 'de-fetishisation' or 'de-mystification' of the categories of classical political economy, the standpoint of totality is already presupposed, and by being presupposed, in every categorial instance shown to be both semantically and pragmatically in effect: in that sense, for example, the concept of money in the

97 Brentel 1989, p. 14.
98 See Lange 2019b.

very first chapter of *Capital* already *presupposes* the concept of wage labour and capital.[99] This view stands in stark contrast with Uno's understanding of the labour theory of value as an 'unnecessary' presupposition which cannot be 'proven' at the locus of its presentation, in the first chapter of *Capital*.[100] Because Marx's presentation of the labour theory of value in the first chapter of *Capital*, as will be prominently discussed, arguably presents the strongest bone of contention for Uno, we shall give a brief account to a theme directly related to the question of method and object: the question 'with what must science begin?' – the question of presupposition.

1.1.3 *Introduction to the Problem of Presupposition*

For Uno, the definition of the substance of value as 'abstract labour', and its quantity in 'socially necessary labour time' in the average, is introduced 'prematurely' into the architecture of *Capital*. Marx should have instead deferred it to the analysis of 'The Labour Process and the Valorization Process' proper in Chapter 7.[101] At the beginning, Uno contends, Marx should have focused on the 'form' of value in exchange alone. In his own *Principles*, Uno hence presents what he considers a significant corrective to Marx, by deferring the labour theory of value to the 'Doctrine of Production', which is however *preceded* by the 'Doctrine of Circulation' (a detailed analysis of Uno's restructuring of *Capital* and its motivations will be conducted in Chapter 4). We believe however that Uno does not realise how mistaken his criticism is. To introduce the matter, which we will return to, we shall draw attention to the specific critical claim that the alleged 'unproven' presupposition of the labour theory of value has, in the context of Marx's method. Let it be recalled that Marx's exposition is directly informed by the critique of fetishism. What Marx identified as the object of the analysis – the capitalist mode of production and its bourgeois interpretation – is *implicitly* presupposed at the beginning, even if not all of the concepts that we need to characterise it can be made *explicit*. The *explicit* or the *semantic*, i.e. the 'meaning' of a concept (such as 'capitalist mode

99 '… already the simple forms of exchange value and of money latently contain the opposition between labour and capital etc'. Marx 1973, p. 248.

100 Uno by no means was the first to express concerns that the law of value hadn't been 'proven' at its introduction in Chapter 1 of *Capital* Volume 1. See Marx's letter to Kugelmann, 11 July 1868, in which Marx refers to the 'unfortunate fellow' from *Centralblatt* – a reviewer of *Capital* Volume 1 – who 'does not see that, even if there were no chapter on "value" at all in my book, the analysis I give of the real relations would contain the proof and demonstration of the real value relation'. Marx 1988 [1868–70], p. 68.

101 In the English translation. In the German original, 'Arbeitsprozess und Verwertungsprozess', forms Chapter 5 of *Capital* Volume 1.

of production') is postponed until the *implicit* or the *pragmatic* can be fully thematised. This is quite uncontroversial: definitions of certain concepts – say, 'city' or 'apple', or 'consciousness' – *presuppose* a certain conceptual and logical apparatus *other than* the concepts to be defined. In his study of Hegel's dialectic, Dieter Wandschneider calls this problem of the exposition the 'semantic-pragmatic discrepancy':

> For a theory of dialectic, two aspects seem to be of fundamental significance: on the one hand, the view … according to which every logical category (with the exception of the final determination) contains a *semantic-pragmatic discrepancy* (*semantisch-pragmatische Diskrepanz*). It consists in the fact that the *explicit meaning* of a category does not express all that is *implicitly presupposed* (*präsupponiert*) for its meaning. That this must be the case immediately makes sense; since in order to explicate a particular meaning, the whole apparatus of logical categories and principles must be presupposed. This tension between the semantic content and that which is pragmatically presupposed for the argumentative acts (*Argumentationsakte*) that precede it, *necessitates* the introduction of categories by which this 'pragmatic surplus meaning' (*pragmatischer Bedeutungsüberhang*) is further semantically explicated [and diminished, ELL]. In other words: the semantic-pragmatic discrepancy contained in a category which, under specific conditions, can be exacerbated to a performative contradiction ['being is not nothingness'], makes the necessity to introduce ever new categories plausible, as long as the 'pragmatic surplus meaning' remains.[102]

In Marx's exposition, the matter is quite similar: the postponement of the explicit meaning of a category is, however, successively closed in on by the *performance of the actual analysis*. The pragmatic surplus meaning – the baggage carried by the labour theory of value and the concept of abstract labour as the 'substance of value' throughout the analysis – is thus successively shed: with an ever deeper insight into the process of exchange between commodity A (20 yards of linen) and commodity B (one coat), the appearance of simple exchange as the predominant social metabolism *loses its heuristic power*. 'It becomes plain that it is not the exchange of commodities which regulates the magnitude of their values, but rather the reverse, the magnitude of the value of

102 Wandschneider 1995, p. 26. The other 'aspect of fundamental significance' for the theory of dialectic for Wandschneider is the concept of 'self-referential negation' which, for reasons of space, cannot be discussed here.

commodities which regulates the proportion in which they exchange'.[103] The cognitive gain for Marx hence consists precisely in the *emphasis* on the presupposed context of totality, in which isolated ('autonomous') concepts lose their explanatory power: the obvious explanation in the category of 'exchange-value' does not *categorially redeem* the complex relations which generalised commodity exchange entails. For Marx, therefore, 'the whole system of bourgeois production' is presupposed, so that a category like 'exchange-value' can appear on its surface:

> An analysis of the specific form of the division of labour, the conditions of production on which it is based, and the economic relationships of the members of the society to which these conditions of production are reduced, would show that the whole system of bourgeois production is the premiss for exchange value appearing on its surface as a mere point of departure, and the process of exchange, as it unfolds in the simple circulation, as a *social exchange of matter, simple but encompassing both the whole of production and the whole of consumption*. It would transpire, therefore, that already other, more complicated relations of production, more or less conflicting with the liberty and dependence of individuals, their economic relationships, are the premiss that, as free private producers in simple relations of purchase and sale, they should confront each other in the process of circulation and should figure as its independent subjects. *But from the standpoint of the simple circulation, these relationships are obliterated*.[104]

Yet, Marx deliberately chooses to present the analysis of the value form in the 'language of English economists'.[105] And here is where Marx's method of the semantic-pragmatic cleft and his critique of fetishism comes full circle: for it is precisely this 'appearance on the surface' which forms the standpoint of classical and neoclassical political economy that forms the target of his critique. We can say that Marx's target is doubled in our critical evaluation of Uno's intervention, which, as we will show, shares its methodological impetus with classical and neoclassical political economy. Marx's method of form analysis thus consciously takes its vantage point from the simple categories of bourgeois political economy – the commodity, exchange value, exchange at all – however,

103 Marx 1976, p. 156.
104 Marx 1987 [1857–61], p. 466.
105 Marx 1904 [1859], pp. 19–20.

not to adapt its propositions unquestioned, but to analyse these forms towards their form determinations, towards the characteristics that point beyond their reductionisms.[106]

For Marx, the analysis of the 'economic law of motion of modern society'[107] is thus not a matter of providing definitions. It is, much rather, a matter of reconstructing the object through its critique – a 'forensic investigation' into the forgotten, obscured, and obfuscated implications of his very object, implications that make up the 'pragmatic surplus meaning', and therefore cannot be made explicit at the beginning – but which nevertheless constitute the object of the analysis. The capitalist mode of production and the social form of labour that characterises it can only be made explicit by the successive analysis of the fetishised categories that constitute the categories of conventional political economy and its 'science'. Herein lies the critical claim of Marx's method. We will show that Marx, in his exposition of the object of his study, and much ignored by Uno and his followers, very deliberately steps into the pragmatic-semantic discrepancy that is required at the beginning of any critical study of a system, especially a dynamic one such as capitalism. In other words, we hold that, for Marx, the proof of the 'labour theory of value' is *in eating the pudding, i.e. in performing* the Critique of Political Economy. With this radically new insight into the problematic of the categorial analysis of the capitalist mode of production, putting the critique of fetishism at the heart of Marx's intervention, a new discipline is born: that of the categorial criticism of the *real appearance* (*realer Schein*) of the social relations of production. To therefore understand how the new *object of investigation* – an object that simultaneously informs the *method* of Marx's analysis – emerged, we should first take a look at the theoretical formation of theories of value in Marx's predecessors, notably Adam Smith and David Ricardo.[108] It would also certainly be rewarding to draw a different line of trajectory, e.g. from Proudhon to Marx. But this line which would without doubt contribute to understand Marx's negation of Proudhon's equation of value and immediate labour time would undermine the crucial point in Marx: namely that the mature Marx was less interested in contrasting the capitalist mode of production with the utopias of socialism, but in contrasting the bourgeois mode of production with *its own claims*. To better pinpoint Marx's theoretical formation of the new object of political economy, encompassing

106 Brentel 1989, p. 279.

107 Marx 1976, p. 92.

108 For the theoretical confrontation of Ricardo and Marx in the anglophone reception, see Fine 1980, Himmelweit and Mohun 1981, Clarke 1994. For a broader discussion of Smith, Ricardo, and the neoclassical tradition, see Foley 2006.

the critique of all previous economic science, we should therefore remain with the 'bourgeois economists', Smith and Ricardo. As mentioned earlier, Marx's labour theory of value is to be understood as the methodological heuristic for the analysis of Marx's central question: why and how do all products of labour assume the fetishistic *form of value* under the conditions of the capitalist mode of production, forms that constitute the categories of political economy? To answer this question, Marx was specifically intent to recapitulate the *process of the constitution of the very objects* of classical political economy themselves. In the next chapter, we shall therefore recapitulate the value theories of Smith and Ricardo to understand how Marx's own theory was developed from their critique.

1.2 The Aporias of Classical Political Economy[109]

> The best points in my book are: 1. (this is fundamental to all understanding of the FACTS) the two-fold character of labour according to whether it is expressed in use-value or exchange-value, which is brought out in the very First Chapter; 2. the treatment of surplus-value regardless of its particular forms as profit, interest, ground rent, etc. … The treatment of the particular forms in classical political economy, where they are forever being jumbled up together with the general form, is an *olla potrida*![110]
>
> MARX to Engels, August 24th, 1867.

Marx's radical break with the science of political economy consists in laying the foundation for a specific new object of investigation under the capitalist mode of production: the *social form* of *labour*. His theory is therefore not merely an 'extension' or a 'rearrangement' of the economic theory of the classics, but the invention of a completely new horizon for the critical analysis of the capitalist mode of production. Marx's own self-understanding of his intervention as the

109 Abridged versions of this chapter have previously appeared in Lange 2019a and Lange 2019b.

110 Marx 1987 [1864–8], p. 407.

Critique of Political Economy is where his radical revolution – indeed, his 'communist Copernican turn' – is embedded. As mentioned before, Marx's project therefore cannot be understood in abstraction from his critique of the classics. It is Marx's reading of political economists – notably Smith and Ricardo – and vulgar economists – Say, Bailey, Malthus, James Mill, McCulloch, Destutt de Tracy and many others – but also socialists like Proudhon, Owen, and others, that formed the condition of possibility for his own theoretical development that resulted in his magnum opus, *Capital*. Understanding the social form of labour is precisely what Marx found wanting in conventional political economy:

> Political economy has indeed analysed value and its magnitude, however incompletely, and has uncovered the content concealed within these forms. But it has never once asked the question why the content has assumed that particular form, that is to say, why labour is expressed in value, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product.[111]

> … classical political economy in fact nowhere distinguishes explicitly and with clear awareness between labour as it appears in the value of a product, and the same labour as it appears in the product's use-value.[112]

What Marx critically discerns as the specific lack in the theories of the classics is the problem of the fetishism of the bourgeois relations of production – a problem not even fathomed to exist before Marx's mature critique. The distinction between abstract and concrete labour is the crucial critical distinction to clear the path to a thoroughgoing critique of the capitalist relations of production and its inverted self-representations. By determining the social form of labour under these relations as value-producing abstract-general human labour and distinguishing it from concrete labour as manifested in the commodity's use value, he also pierced the problem of form and content – the problem of fetishism.

The specificity of abstract labour as the *substance* of value for Marx consists in the fact that it always appears in a specific *form* – namely the *value forms* of the commodity, money, capital, wage, profit, price, interest and rent, categories that comprise the 'science' of political economy – in which it is always *system-*

111 Marx 1976, p. 174.
112 Marx 1976, p. 173.

atically obfuscated. Yet, it is precisely this phenomenological state of things – that the essence or substance itself cannot appear but in an *inverted, distorting, and altogether spurious form* – that goes unnoticed in the elaborations of classical political economy (not to speak of neoclassical theories after the demise of the Ricardian School). In other words, before Marx, the science of political economy was solely concerned with the *forms* of value as value's mere *appearance* – without giving a thought to the specific *substance*, i.e. the *general social form of labour*, that give rise to these categories at all. Indeed, without giving any thought to an 'epistemological cleft' between the appearance and the essence of specific value forms at all, the classics had to remain on an a level of abstraction that has to tautologically resort to explaining form by form itself.

As noted earlier, the question of *form* in Marx can only be answered on the basis of its analysis, as the method of *form analysis*. Marx's method of form analysis dissolves the fetishised objective dimension of a category like 'exchange value' or 'the commodity' as only *appearing* to be simple, 'given', and indeed presuppositionless. The analysis of their form shows that they can be fully grasped only as the result of a very specific social process, presupposing both the relations of (re)production and class. The beginning of Marx's analysis in *Capital* is therefore already an *ideology critique* in the strict sense, as a critique of the self-representations and -legitimisations of the sphere of simple circulation that constitutes the only object of bourgeois economy and its science. Through a reconstruction of Smith's and Ricardo's theories of value in this Chapter (1.2.), we will see how Marx developed his own *critical* theory of value.

Not unlike the classical and vulgar political economists Marx attacked, many present-day Marxian theorists however reinitialise and repeat the tautological convolutions of Marx's predecessors. In the last section of Chapter 1, we will therefore argue that, under the heading of 'value form theory', Marxian scholars of the last decades have initiated an apotheosis of 'form' while conferring a much lesser status to 'substance' or content, an intervention that is not only quite contrary to Marx's critical intention, but regresses to the 'fetishisms of the bourgeois relations of production' that Marx was precisely out to deconstruct.

To first understand how the new *object and method of investigation* emerged in Marx, we should first take a look at the theoretical formation of theories of value in Marx's predecessors, notably Adam Smith and David Ricardo. The aporias at work in these theories considerably informed Marx's critique of them and gave rise to Marx's own labour theory of value.

1.2.1 *Smith's and Ricardo's Aporia and the Birth of Marx's Value Theory as Critique*

Of all the classical economists, Adam Smith and David Ricardo – along with William Petty and Benjamin Franklin[113] – were the most revered, but also the ones most elaborately criticised by Marx. The praise they received was owed to their attempts to systematically link a (albeit vague) concept of value to an (equally vague) concept of labour. The criticism was owed to their respective failures to be *consistent* in doing so. This, for Marx, was not a mystery, but was accounted for by Smith's and Ricardo's 'bourgeois consciousness',[114] which is oblivious to the analysis of the social form of labour, predominantly in the form of money and capital, i.e. the form of appropriation of alien labour without an equivalent that is obfuscated in these forms. In fact, as we will see, because of their failure to consequently establish the link between a social form of wealth and the labour that produces it, neither Smith nor Ricardo can be said to have had any 'labour theory of value' at all. This is especially true for Ricardo, who never proposed an 'embodied labour' or 'substantialist' theory of value, but was interested solely in *cost* and *production prices* (in Marx's terminology) from the outset of his theory. Ricardo's investigation hence only revolved around *magnitudes* of 'relative values'. In their respective theories of value, therefore, *precisely because they disengaged their discussions from a coherent and unified ground of value in social labour*, they resorted to aporia, exemplified in their tautologies to explain labour values through the 'value of labour' (Smith), or in their circular production price-determined understanding of value (Ricardo), which effectively led to the collapse of a meaningful link between value and the labour that produces it. Their endeavours finally resorted to explaining the economic form of capitalism based on the theoretical framework of the circulation, not the production sphere. What is more, the claim that Marx's labour theory of value is merely to be regarded as a 'Classical residue in Marx's value theory',[115] a myth that haunts Marxologist debates even today, must be aban-

113 For a discussion of Marx's reception of Petty and Franklin in light of the new MEGA, see Hoff 2010.

114 Marx 1976, p. 175.

115 Itoh 1976, p. 312. This view was arguably inherited from Itoh's teacher Uno: '… by directly developing the labour theory of value, the historical viewpoint formally established for the first time by Marx, falls back into the "failings" of classical political economy and cannot even escape its dangers'. Uno 1974 [1962], p. 158. The same argument is made by Arthur: '… the introduction by Marx of a posited ground for labour before the form of value is fully theorised represents a residue of classical political economy'. Arthur 2006, p. 10 and Reuten: '[Marx's] linking it [the 'metaphor *substance of value*'] to embodiment seems to derive from classical political economy'. Reuten 1993, p. 89.

doned: not only on the basis that Marx's theory was 'social' and 'historically specific' while Smith's and Ricardo's were not, but on the basis that Smith and Ricardo, in contrast to Marx, ultimately did *not hold a labour theory of value at all*. The same is true for Marx's concept of abstract labour as 'the particular form which labour assumes as the substance of value'[116] – something of which the classics had no notion. Hence, authors that claim Marx's concept of the substance of value in abstract labour or the labour theory of value were altogether 'derived' (Geert Reuten) from classical political economy, are shown to be wrong. This is all the more the case as, curiously, none of these interpreters engages with the 'classics' at all, which makes the thesis of the 'classical residue' even stranger and more inappropriate. The next sections will briefly demonstrate Smith's and Ricardo's 'circle of reasoning' (*Begründungszirkel*)[117] in their respective theories of value. Only Marx, as I will show, had a *consistent*, *social*, and a *consistently social* labour theory of value, a theory taking its vantage point from the 'double character' of the labour represented in the commodity, a theory that, in the concept of abstract labour as the specific social form of value, gives coherence to both his critique of the 'classics' as well as his analysis of the capitalist mode of production.

1.2.2 *Conflicting Conceptualisations of Value in* The Wealth of Nations *(1776)*

Already in the *Theory of Moral Sentiments* (1759), Smith was concerned with an objective measure of value more profound than the notion of 'utility', positioning himself against David Hume. Nevertheless, the 'new' principle of value he determines as 'the machine or economy by means of which [the harmonious movement of the system] is produced',[118] and therefore the concept of productive activity, is derived from a strong subjectivist-ethical criterion, namely 'approbation'. Yet, Smith was the first to move economic theory away from a 'use value' centred standpoint to a theory linking 'productive activity' with value. In *The Wealth of Nations* (1776), Smith undertakes three considerable modifications of his earlier subjectivist-ethical qualification as labour as the sole standard for value. Here, next to a theory of the 'toil of labour',[119] he holds a theory

116 Marx 1989a, p. 399.

117 Brentel 1989, p. 64.

118 Smith 2004 [1759], p. 216.

119 'The real price of every thing, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man who has acquired it, and who wants to dispose of it or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people.

of 'relative prices' (of which more below), from which follows an 'component parts'-theory of value. Ricardo will later resort to considerable modifications as well, but in a different vein. To understand Ricardo's and Marx's critique of Smith, let us first look at the problems in Smith conceptualisations. Early in *The Wealth of Nations*, Smith draws a close relation between the value of a good or produce, and the labour time necessary to produce it:

> In that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally exchange for or be worth two deer. It is natural that what is usually the produce of two days or two hours labour, should be worth double of what is usually the produce of one day's or one hour's labour.[120]

But this relation is only valid in an 'early and rude state of society', a pre-capitalist society. It was only *before* 'the accumulation of stock and the appropriation of land' that 'labour', measured in expenses (time), could meaningfully yield the standard of the proportions in which 'different objects' could be exchanged for another. But this is not the conceptualisation of value Smith has in mind for the liberal-bourgeois society he investigates. In it, the concept of value, and therefore the relation between labour and value, becomes dramatically different:

> Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man's own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. *The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is*

What is bought with money or with goods is purchased by labour, as much as what we acquire by the toil of our own body'. Smith 1846 [1776], p. 13.

120 Smith 1846 [1776], pp. 21–2.

> *equal to the quantity of labour which it enables him to purchase or command.* Labour, therefore, is the real measure of the exchangeable value of all commodities.[121]

In bourgeois society, the value of commodities is no longer measured in the labour expenses objectified in the commodities, but in 'labour commanded', in the quantity of labour, which can purchase or 'command' a commodity. And this is an entirely different thing than to say that the value of a commodity consists in the labour 'that it costs': for now it is the *value of labour someone can command, and not labour values*, that govern exchange relations. Marx sees Smith's tautology in the fact that Smith does not consistently follow the concept of the 'quantity of labour' as the immanent measure of value in units of time contained in a commodity and instead takes refuge in a concept of 'the value of labour' which *already contains* a value-determined quantity. As wage labour, 'labour' (the labour power commodity) *has* value. But in consequence, it cannot itself *determine* value: 'The value of labour, or rather of labour capacity, changes, like that of any other commodity, and is in no way specifically different from the value of other commodities. Here value is made the measuring rod and the basis for the explanation of value – so we have a *cercle vicieux*'.[122] As a general logical prerequisite, it is obvious that what *accounts for* an entity must be of a different category and quality *than the entity itself*. In the view of Helmut Brentel, we are here confronted with the 'circle of reasoning in classical theories of value',[123] but we will see that present-day Marxologists stick to the same illogical schema. Needless to say, for Marx, Smith's original conception of value as 'labour commanded' (= the value of labour) is not only tautological, but anachronistic. Smith's peculiar inversion of historical relations consists in that, on the one hand, he assumes an objective theory of labour values in social relations in which the conditions for production and reproduction have *not yet been subsumed under 'objective' exchange relations*, i.e. exchange relations governed by social labour as the sole measure of value – but as soon as he describes *capitalist relations*, ironically, this determination no longer holds. Under *capitalist relations*, in which the 'produce of labour does not always belong to the labourer', therefore, Smith merely assumes *production prices* that must 'yield', i.e. substitute, 'the profits of the stock which advanced the wages and furnished

121 Smith 1846 [1776], p. 13.
122 Marx 1988 [1861–3], p. 378.
123 Brentel 1989, p. 64.

the materials of that labour', invested by the 'owner of the stock'.[124] Accordingly, we find here a further specification of his 'labour commanded' theory of value:

> The real value of all the different component parts of price, it must be observed, is measured by the quantity of labour which they can, each of them, purchase or command. Labour measures the value not only of that part of price which resolves itself into labour, but of that which resolves itself into rent, and of that which resolves itself into profit.[125] In every society the price of every commodity finally resolves itself into some one or other, or all of those three parts; and in every improved society, all three enter more or less, as component parts, into the price of the far greater part of commodities.[126] Wages, profit, and rent, are the three original sources of all revenue as well as of all exchangeable value.[127]

This further specification is, again, tautological: because allegedly, under capitalist relations, an explanation of 'price' based on labour values seems no longer possible, Smith holds the view that the 'price or exchangeable value' of a commodity must be resolved into price-*constituents*: wages, profits, rent. Again, we are confronted with a circular argument: the *explanans* is already contained in the *explanandum* – price is explained by price. In both cases of circular reasoning, the theory of value is dissolved into a theory of relative price that already encompasses the market and *presupposes* a general rate of profit. It thereby resorts to the explanatory framework of the circulation sphere; yet another inconsistency with regard to the initial claim. In consequence, Smith's conceptualisation of 'natural price', resolving into (the price of) labour, capital and land (i.e. wages, profit, and rent), has given the incentive to the (Sayian) theory of the 'factors of production' – the 'Trinity Formula' in Marx's dictum – that no longer sees 'labour' as the source of value. The *necessary* unity of the substance and the measure of value (which Marx's labour theory of value accounts for) remains altogether anathematic in Smith's theory. To the contrary: Smith abandons his initial determination of an *immanent* measure of value for an *external* measure of value in a theory of 'relative price'. Accordingly, by abstaining from a reflection of *inner coherence* and sticking to the phenomenal form of price, Smith (and Ricardo) were unable to develop a theory of the *value forms* as the qualitative theory of the determination of money and price.

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124 Smith 1846 [1776], p. 23.
125 Smith 1846 [1776], p. 23.
126 Smith 1846 [1776], p. 23.
127 Smith 1846 [1776], p. 24.

1.2.3 *Ricardo's Conceptual Confusions*

Ricardo's improvement in value theory as against Smith's concept of value as 'labour commanded' or the value of labour is obvious from the very first line of his *Principles of Political Economy and Taxation* (1817):

> The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production, and not on the greater or less compensation which is paid for that labour.[128]

This indeed seems closer to Marx's later view. But other than Smith, whose main aporia is owed to an anachronistic view of capitalist society, the precariousness of Ricardo's theory is owed to missing conceptual differentiations resulting from a *conflation of different levels of abstraction*. From the start, Ricardo *identifies* concrete and abstract labour (all labour for him is concrete labour), labour and labour power, surplus value and profit, and – following from his inability to understand the specificities of value-creating labour in the production process – constant and variable capital. Instead, Ricardo merely differentiates between 'fixed' and 'circulating' capital, '*different forms* arising *out of the process of the circulation of capital*'[129] – which effectively leads to Ricardo's failure to explain the emergence of a uniform rate of profit on the basis of his own value theory. The conflations of these terms can be deduced from Ricardo's incomprehension of 1) the *specificity* of value- and surplus value-producing labour in the production process, *measured in a variable working day*,[130] i.e. in *wages* which represent *necessary labour* as against *surplus labour*, and whose *quantitative difference* is the source of surplus value and, in deduced form, profit, 2) in consequence, the unequal exchange between capital and labour. All in all, Marx's accusation of a 'lack of the power of abstraction' weighs heavy on Ricardo's economic theory. This becomes obvious right at the beginning of Ricardo's analysis where the rate of profit is 'smuggled in' – without a previous explanation of the *basis of profit* in the first place. For it is entirely unclear how,

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128 Ricardo 1969 [1817], p. 5. Marx praises Ricardo as having thus established 'a unified theoretical holistic view of the abstract general basis of the bourgeois system'. Marx 1956, p. 54. Own translation.

129 Marx 1989a, p. 401.

130 Ricardo's failed attempts to find an 'invariable measure of value' (see Ricardo 1969 [1817], Section VI, pp. 27–30) for which he had been mocked by Bailey, has its source ultimately in misrecognising the characteristic of wage labour as necessarily tied to a *variable, not an invariable* measure. The measure of value is the working day.

from Ricardo's concept of value – depending on 'the relative quantity of labour which is necessary for its production' – we should come to profit at all:

> All Ricardo's illustrations only serve him as a means to smuggle in the *presupposition of a general rate of profit*. And this happens in the first chapter 'On Value', while WAGES are supposed to be dealt with only in the 5th chapter and profits in the 6th. How from the mere determination of the 'value' of the commodities their surplus value, the profit and even a *general rate of profit* are derived remains obscure with Ricardo. IN FACT the only thing which he proves in the above illustrations is that the *prices* of the commodities, in so far as they are determined by the general rate of profit, are entirely different from their *values*. And he arrives at this difference by postulating the *rate of profit* to be LAW. One can see that though Ricardo is accused of being too abstract, one would be justified in accusing him of the opposite: lack of the power of abstraction, inability, when dealing with the values of commodities, to forget profits, a FACT which confronts him as a result of competition.[131]

The real problem, according to Marx, is that, because Ricardo already confuses value and production prices from the beginning of his inquiry, he never arrives at the analysis of *value*. His vantage point 'starts off too late', so to speak, by beginning with the superficial forms of appearance of value – 'cost price'[132] or (in Marx's terminology) 'production price' – to investigate the effects of a rise or a fall of wages on them.[133] These effects are then naturally taken to explain the general rate of profit. But we are left with a non sequitur: *wage itself* is wanting of an explanation. Without a concept of the *wage form*, his concept of profit is a *deus ex machina*. This problem becomes eminent when Ricardo touches upon social reproduction. Here, he repeats Smith's tautological misconceptions to finally capitulate to the impasse, *simultaneously determining* the value of a commodity by the socially necessary labour time ('the quantity of labour') needed for its production, and the value of 'labour' in exchange with capital. Ricardo's inability to grasp not labour, but labour *power*

131 Marx 1989a, p. 416.

132 Cost prices consist of constant and variable capital and do not contain surplus value. Categorially, they belong to the level of production price (k + kp'). To explain both and how they constitute a general rate of profit, we need a consistent theory of surplus value.

133 The effect of rising wages onto the different compositions of capital is the main theme in the first section of *The Principles of Political Economy and Taxation* erroneously titled 'On Value'.

as a commodity, and therefore to grasp the *function of the wage-form*, leads to another tautology:

> The power of the labourer to support himself, and the family which may be necessary to keep up the number of labourers, does not depend on the quantity of money which he may receive for wages, but on the quantity of food, necessaries, and conveniences become essential to him from habit, which that money will purchase. The natural price of labour, therefore, depends on the price of the food, necessaries, and conveniences required for the support of the labourer and his family. With a rise in the price of food and necessaries, the natural price of labour will rise; with the fall in their price, the natural price of labour will fall.[134]

Because Ricardo fails to determine the 'value of labour' by the *money expression* of *wages* – based on the labour *time socially necessary* for its reproduction, and therefore *variable* – but by 'natural price', i.e. a *fixed* ('from habit') level of wages warranting the reproduction of the worker and her family, 'natural price' again depends on the price of 'necessaries'. The 'value of labour' as labour's 'natural price' therefore is determined by the *use values* necessary for the worker's subsistence, expressed in *price* of means of subsistence. Ricardo completely disregards the constitutive function of the *wage form* – its unequal exchange with capital –, which would require a value determination in terms of socially necessary labour time, i.e. *value*, not in terms of *use value*.[135] Ultimately, the 'value of labour', an expression of price, is explained by price. We find the same 'circular reasoning' that we have confronted in Smith's determination of value by 'labour commanded' or by the 'value of labour' which itself is *wanting of an explanation*. Because both authors do not comprehend the necessity of a *concept of the substance of value*, in which both the quality and the quantity of that value is grounded – a concept of 'absolute value', ultimately, which first of all explains *relative* values – they could not escape the tautological character of their explanatory framework. What is more, in their explanatory framework, they remain on the level of appearance, of *production price*, and therefore resort to the sphere of circulation. But let us briefly return to Smith, in order to see more precisely why Ricardo theoretically lagged behind Smith himself. As we

134 Ricardo 1969 [1817], p. 52.

135 To further complicate the matter, Ricardo determines the value of labour power to be equally dependent of 'supply and demand' as well as the 'varying price of food and necessaries' (Ricardo 1969 [1817], p. 8), further removing the concept of value from the initial definition (and thereby provoking the mockery of J.B. Say).

have seen, from the fact that, in capitalist production, the worker can no longer 'buy back' her own product, Smith draws the conclusion that the exchange value of the commodities – under capitalist relations – is no longer determined by the *quantity of labour*, but by its *value*. For Smith, the difference between the quantum of labour that a commodity costs and the quantum of commodities, which the worker can buy with this labour, is crucial. But why did Smith resort to such a modification? Marx correctly sees that Smith 'goes positively mad' (*es ihn förmlich irremacht*)[136] over the problem of the exchange between capital and labour on the basis of a formal validity of equivalent exchange. Something else besides an exchange of equivalents – the exchange of labour with its products – seems to be happening. Smith senses that, although he cannot account for the reasons why, the law of value is transformed into a law of appropriation. It is *this very circumstance*, this confrontation with a *structural antinomy* – how the exchange between capital and labour can be explained on the basis of the exchange of equivalents – that induced Smith to modify his initial value theory, from a theory of materialised labour (*vergegenständlichte Arbeit*) towards a theory of labour commanded that is itself wanting of an explanation and caught up in circular reasoning. But whereas Smith 'feels some flaw has emerged' and 'senses that somehow – whatever the cause may be, and he does not grasp what it is – in the actual result the law is suspended: more labour is exchanged for less labour (from the labourer's standpoint), less labour is exchanged for more labour (from the capitalist's standpoint)' so that the law of value 'changes into its opposite',[137] Ricardo does not even 'suspect that this presents a problem'[138] at all:

> Ricardo simply answers that this is how matters are in capitalist production. Not only does he fail to solve the problem; he does not even realise its existence in Adam Smith's work.[139] Ricardo is satisfied with demonstrating that the changing value of labour – in short, wages – does not invalidate the determination of the value of the commodities, which are distinct from labour itself, by the relative quantity of labour contained in them. 'They are not equal', that is, 'the quantity of labour bestowed on a commodity, and the quantity of labour which that commodity would purchase'.[140] He contents himself with stating this fact. But how does the

136 Marx 1956, p. 56.
137 Marx/Engels 1988 [1861–3], p. 393.
138 Marx/Engels 1988 [1861–3]. p. 393.
139 'Er fühlt es nicht einmal bei A. Smith heraus'. Marx 1967, pp. 399–400.
140 English in the original.

> commodity labour differ from other commodities? One is *living labour* and the other *objectified* labour. They are, therefore, only two different forms of labour. Since the difference is only a matter of form, why should a law apply to one and not the other? Ricardo does not answer – he does not even raise this question.[141]

The identification of the value of labour with the labour product on the one hand (i.e. the conflation of labour and labour power), as well as that of cost price and relative value in Ricardo lead to considerable problems. These problems directly affect the emergence of a general rate of profit that Ricardo initially presupposes, but cannot explain.[142] While from Smith's theory of 'production costs' or value component-theory (that Ricardo initially rejects), it follows that the rise in *one* of the value components – labour – leads to a rise in *all* of the components, which fatally contradicts the equal parts of value-assumption of that theory, Ricardo was set to prove that, under certain circumstances, i.e. when the proportion of fixed capital employed was relatively high, a rise in wages effects a *lowering* of commodity prices. In *The Principles of Political Economy and Taxation*, he therefore introduces another modification to his initial 'labour theory of relative value': no longer is the amount of labour materialised in the commodity exclusively decisive for its value, but also the *composition of fixed and circulating capital*, and therefore, the quantity of time that goes into the production and the circulation process. Initially assuming that neither the level of wages nor that of profit, but only the 'quantity of labour bestowed on them' affects the relative value of commodities,[143] in Section IV of his main work, he 'modifies' his initial claim: 'The principle that the quantity of labour bestowed on the production of commodities regulates their relative value [is] considerably modified by the employment of machinery and other fixed and durable capital'.[144] Were it the case that men 'employed fixed capital of the same value and of the same durability, then, too, the value of the commodities produced would be the same, and they would vary with the greater or less

141 Marx/Engels 1989b, p. 34. In Chapter 4.2., we will come back to this problem in greater detail.

142 It must be noted that Ricardo's objective was not to explain the source of a nations' 'wealth' per se, but the rules of *distribution* of the net product of wealth or value.

143 'No alteration in the wages of labour could produce any alteration in the relative value of these commodities … Wages might rise twenty per cent, and profits consequently fall in a greater or less proportion, without occasioning the least alteration in the relative value of these commodities'. Ricardo 1969 [1817], p. 17.

144 Ricardo 1969 [1817], p. 18.

quantity of labour employed on their production'.[145] However, supposing that two different capitalists employ different proportions of machinery ('fixed capital') in their production, the ones using a greater proportion of fixed capital (e.g. manufacturers) would have to 'obtain a further sum … for the profit' which they have invested in machinery, and consequently their goods must sell for a higher price than, say, the produce of the farmers. Supposing then that a rise in wages 'squeezes' the rate of profit from 10 to 9 percent, the product of manufactured goods with a 'higher' organic composition of capital would yield a smaller rate of profit, it would 'fall relatively to corn or to any other goods in which a less proportion of fixed capital entered. The degree of alteration in the relative value of goods, on account of a rise or fall of labour, would depend on the proportion which the fixed capital bore to the whole capital employed'.[146] The higher the proportion of fixed and durable capital, the lower its relative value. Regarding the fact that also the time necessary to bring the commodities to the market, the time of production, as well as the turnover time,[147] affects the relative value of a commodity, it follows that *not only* the 'quantity of labour bestowed' determines the relative value of a commodity, but also the composition of capital and the time within production and circulation; factors *independent* of the actual labour needed to produce the commodity. We can conclude that Ricardo's basic methodological predicament, namely the *conflation of different levels of abstraction*, accounts for Ricardo's 'modified', and for Marx hence *inconsequential* labour theory of value.[148] In sum, Marx's main points of criticism directed against Ricardo are: 1. an insufficient categorial determination of specifically value creating and value determining labour, 2. that instead of a differentiation of capital into variable and constant capital, Ricardo merely considers the effects of 'rises in the value of labour' with regard to the secondary differentiation in 'fixed' and 'circulating' capital. While for Marx, *all of the phenomena* Ricardo describes can be traced back to a *consistent ground* in the specific social form of labour, the basis of which both explains different individual rates of profit as well as the emergence of a general rate of profit as a 'transformed', and hence already *mystified and fetishised form of surplus value*,[149] Ricardo takes refuge in the assumption of the necessity of 'modifications' already in the basic theory of value – owed to the

145 Ricardo 1969 [1817], p. 19.
146 Ricardo 1969 [1817], p. 22.
147 This becomes thematic in the Section V. Ricardo 1969 [1812], pp. 24–7.
148 See Heinrich 1999, pp. 54–55 and Hoff 2004, p. 71.
149 This will be discussed in more detail in Chapter 4.3. in the context of Marx's 'solution' to Ricardo's transformation problem.

missing conceptual distinctions or abstractions between 'value' and 'cost price' and ultimately, 'price of production' and (relative) value, delegating the existence of value/price to the sphere of exchange (market), and not to the sphere of production. Ricardo therefore, like Smith before him, fails in consequentially explaining the existence of a social coherence in labour-based value. With the previous discussion, we could see not only the aporia in Smith's and Ricardo's theories of value, and their ultimate inability to explain the exchange of capital and labour on the basis of the formal validity of equivalent exchange, we could also see – reconstructing Marx's immanent critique of both positions – in what respect Marx was *eager to distinguish his own value theory form theirs*: in a concept of the substance of value in abstract-homogenous, i.e. value producing labour, measured in socially necessary labour time, as the unity of both quality and quantity of value, and therefore an intrinsic measure to the superficial and fetishised *forms of value* (natural price, relative value, etc.) that Smith and Ricardo ultimately resorted to. It is therefore no less than absurd to claim that Marx's labour theory of value was a 'Classical residue.' It was precisely the *critical tool of disclosure* of the aporia in the classical conceptions of value.

1.3 The Critical Function of Marx's Labour Theory of Value. Against Some Readings of 'Form' in Contemporary Value Form Theory

Authors of the Marxian tradition critically dealing with Marx's labour theory of value have not only disregarded the break with the classical conception of value that constituted Marx's Critique of Political Economy in the first place. They have also been oblivious to the specific critical *function* of the differentiation between abstract and concrete labour and the succeeding value form analysis conducted in the first chapter of *Capital*, namely as being a critique of the fetishism of *simple circulation and its semblance*, and hence their incomprehension of the *specificity of money*. As a consequence, they do not just misunderstand the specific use of crucial terms like (value) *form*, but fail to recognise Marx's method as an evolving critique of the fetishistic categories of classical political economy, a method which must start from the assumption of the totality of the social form of labour that provides the *coherence* and the *obfuscated ground* of the value forms (of money, capital, etc).

This chapter will critically deal with the criticisms of Marx's method and the offered alternative assumptions, namely (1) the methodological preference of (value) form over the substance of value as guiding principle, (2) the hypostasis of simple circulation ('exchange' or 'the market') as the foremost feature

of the capital relation and the locus of value constitution, and (3) the call for the necessity of an 'unmediated' or 'presuppositionless' beginning of the exposition. For reasons of space, we treat only briefly arguments which to discuss and refute in detail would require a much longer chapter.

1.3.1 *Misunderstanding Marx*

In his work, self-defined as the 'New' or 'Systematic' Dialectic, Chris Arthur for example insists that in the architecture of *Capital*, the 'pure forms' of capital should be studied first – and especially 'the value form (as the germ of capital)' before its 'grounding in labour'[150] is analysed (1). He claims that '… the question of form is so crucial that the presentation starts with the form of exchange, bracketing entirely the question of the mode of production [sic], if any, of the objects of exchange'[151] (1 and 2). Arthur also thinks that Marx was unjustified in introducing the concept of (abstract) labour prematurely:

> It is notorious that Marx dives down from the phenomena of exchange value to labour as the substance of value in the first three pages of *Capital* and people rightly complain they do not find any proof there. So I argue … that we must first study the development of the value form and only address the labour content when the dialectic of the forms itself requires us to do so (3).[152]

Arthur insists that for the analysis of capital, 'an absolute beginning without imposed conditions is needed'.[153] We will see how misinformed such a claim is as to the critical character of Marx's own method. Geert Reuten sings the same tune when he claims the value form of money as a '*constituent* of value'[154] – and therefore begs the question, because we want to know precisely *why* it is that money represents value, *why* money can indeed buy all the other commodities. Surprisingly, Reuten does not seem to find it necessary to engage with Marx's analysis. Instead, he meanders in tautological 'clarifications' (and 'proofs' of the dispensability of the concepts of 'abstract labour' and 'substance' based on word counts!)[155] that rather serve to obscure than to illuminate the problem.

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150 Arthur 2006, p. 10. For a full analysis and critique of Arthur's book *The New Dialectic and Marx's Capital* (2004), see Lange 2016.

151 Arthur 2004, p. 86.

152 Arthur 2004, p. 12.

153 Arthur 2004, p. 158.

154 Reuten 2005, pp. 78–92.

155 '… after this chapter [Chapter One of *Capital*] the term 'abstract labour' disappears, with

This becomes especially telling when Reuten denounces Marx's concept of the substance of value in abstract labour as a mere 'metaphor'.[156] Yet, at no point in the text does he state what the substance of value is *a metaphor for*. At the same time, Reuten claims that the 'classics' held a 'real embodiment' of labour theory of value, of which a 'remnant' existed in Marx: 'Marx … was enmeshed in the physical substance-embodiment metaphor inherited from Hegel (substance) and classical political economy (embodiment).'[157] (1) However, either labour as the substance of value is regarded as a mere 'metaphor' or it is, indeed, 'embodied' in the commodity. *But it cannot be both*. It becomes all the more strange when Reuten concludes that Marx suffered from 'unclarity', or a 'lack of clarity' as to his own abstractions, a judgment more appropriate for Reuten's own argument.[158] Reuten therefore not only misrepresents Marx's theory and is himself, indeed, unclear about Marx's straightforward fetishism-critical method, he goes on to explain that 'value has no existence prior to the market' (2).[159] This is indeed counterfactual to Marx's own analysis, as we shall see soon. In the same vein, the Marxist theorist of money and finance Costas Lapavitsas and Makoto Itoh of the Uno School see no reason to have to refer to abstract labour at all when they try to explain how money becomes the universal equivalent of exchange (1).[160] Itoh especially entangles himself in circularities and

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four exceptions. In face of the Marxian discourse of the last twenty years, this cannot be stressed enough'. Reuten 2005, p. 83. See also the long footnote commenting on the frequency of Marx's use of abstract labour and 'substance', p. 83, footnote 12. It is astonishing that 'word count' serves as an argument in an informed philological discourse: '… even if there were no chapter on value at all in my book, the analysis I give of the real relations would contain the proof and demonstration of the real value relation'. Marx and Engels 1988 [1868–70], p. 68.

156 Reuten 1993, p. 89, p. 106, p. 110.

157 Reuten 1993, p. 110. The unintentional humour of this assertion consists in its implication that Hegel and Smith held more or less the same theory.

158 Especially unclear is the *differentia specifica* for what Reuten terms 'two meanings' of 'value form': one defining 'value' as a 'form itself' (or 'genus'), the other one defining the 'form of value' to the species. (Reuten 1993, pp. 100–101). If *both* genus and species are termed 'form' – a view solely invented by Reuten – then what could a meaningful distinction be? Marx was, to the contrary, very aware of the crucial distinction between value and its form(s), especially viewed against his critique of Samuel Bailey. 'The process of exchange gives to the commodity which it has converted into money not its value but its specific value-form. Confusion between these two attributes has misled some writers into maintaining that the value of gold and silver is imaginary'. Marx 1976, p. 185. In passing, Marx here also implies that value is not something that 'exists' only in exchange, as Reuten and others do.

159 Reuten 1993, p. 108.

160 See Lapavitsas 2005, Lapavitsas 2017, Itoh 1976. For a critique of Lapavitsas's theory of

truisms when he tries to explain the money form without recourse to abstract human labour.[161] Long before them, Uno Kōzō himself – as will be prominently discussed – has expressed a strict preference for form over substance in explaining the value forms, and thereby directly inviting a petitio principii (2):

> Labour as 'value forming substance' abstracts (*shashō*) from every form and is so to speak nothing more than something passive and abstract (*chūshōteki*). As such, we cannot make it the foundation of value form. In other words, [labour] *is developed by the value form* in the first place. The value form of the commodity is rather grasped through the forms that this substance itself passes through that is nothing else but the process of commodity economic development. However, the *formal determination alone* clarifies the fact of the assumption of 'the physical form in the equal objectivity of the products of labour as values'.[162]

Regarding the analysis of the value form, two crucial interventions Marx aimed at go completely unnoticed (or even rejected) by these authors: (I) the necessity of *presupposing* the totality of the capital relation from the beginning, in which the category of the 'commodity' with which the analysis starts by no means signifies the 'simplest', but the *most complex determination*, a 'relation of totality',[163] and (II) the *function of value-form analysis* as deducing the fetishistic semblance of simple circulation from the development of the commodity into

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'Money as a Monopolist of the Ability to Buy', see Lange 2017. We argue that Lapavitsas presents a functionalist theory of money with the implication that 'money is what money does' – unlike Marx who develops the functions of money from its being the 'direct incarnation of all human labour' (Marx 1976, p. 187), i.e. money *does* what money *is*.

161 'Marx does not regard the common property of commodities only as the embodiment of abstract human labor. He emphasises that "commodities have a value-form common to them all, and presenting a marked contrast with the varied bodily forms of their use-values" … He means here the money-form or the price-form of commodities as the completed form of value, logically developed from the simple, elementary form of value'. Itoh 1976, p. 310. Not much is being said here except for the truism that the money-form is developed from the simple form of value. The question is what *constitutes the very simple form of value* from which the money-form, the 'dazzling fetish', can be developed at all.

162 Uno 1973 [1947], pp. 361–2. Quoted from Marx 1976, p. 164.

163 'Totalitätsverhältnis'. Brentel 1989, p. 264. Reuten fails to see both the specific character and function of the commodity: '… is this, the commodity, the most abstract all-embracing concept for the capitalist mode of production? I doubt it. For example, does it embrace in itself a notion of the activity of creation of useful objects in capitalist form?' That, in fact, it does, seems to escape Reuten's comprehension, which is a consequence of his failure to understand Marx's method as such.

money in their common ground of abstract labour. By refusing to see the critical intent already inherent in Marx's *very first, allegedly 'innocuous'* analysis – that of the commodity – the commentators mentioned above become unwitting accomplices to an ideological approach, legitimising the *sphere of appearance* of capital.

1.3.2 *The Forensic Investigation of Political Economy: Presupposing Totality*

The reason for the ideological predicament of some approaches in value form theory hence lies in the ignorance of the fact that already at the stage of value form analysis, as mentioned earlier, the *totality of capital – the 'whole system of bourgeois production'*[164] – is *presupposed*: the exchange between 20 yards of linen and one coat does not denote a 'simple exchange', but the *most abstract* sphere of bourgeois self-presentation. Consequently, the real and by no means simple requirements which always already have to be fulfilled, so that simple circulation can appear as the *paradigmatic form of capitalist intercourse*, and exchange value can appear as a *simple, presuppositionless economic form*, do not immediately present themselves 'from an examination of the simple circulation', but 'lie behind it as economic relations enclosed in the division of labour.'[165] Like investors in a criminal case, we must therefore *reconstruct* the sphere of simple circulation from what lies behind it. What is 'forgotten' in the examination of simple circulation, on the one hand, is the 'objective basis of the whole system of production', that it is not autonomous individuals who meet 'on the market' to exchange their respective goods, but a relation that 'already in itself implies compulsion over the individual', in which the individual is 'entirely determined by society; that this further presupposes a division of labour etc., in which the individual is already posited in relations other than that of mere *exchanger* …'[166] Mainly, the presentation of simple exchange as the point of departure of the analysis of capitalist exchange relations *does itself convey a critical intent* in that it prepares the re-examination of the formal validity of the law of equivalent exchange in the case of capital and wage labour. It is therefore both *presupposed* and 'overlooked' ('obliterated')[167] in the formal characteristics of simple circulation:

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164 Marx 1987 [1857–61], p. 466.

165 Marx 1987 [1857–61], p. 467.

166 Marx 1973, p. 248.

167 '… *from the standpoint of the simple circulation, these relationships are obliterated*'. Marx 1987 [1857–61], p. 466.

> What is overlooked, finally, is that already the simple forms of exchange value and of money latently contain the opposition between labour and capital etc. Thus, what all this wisdom comes down to is the attempt to stick fast to the simplest economic relations, which, conceived by themselves, are pure abstractions; but these relations are, in reality, mediated by the deepest antithesis, and represent only one side, in which the full expression of the antithesis [between labour and capital] is obscured.[168]

Elsewhere,[169] we have already shown that the methodological assumptions in Marx's critique of capital owe to Hegel's method of constituting the object through the inner relation of its parts at the level of the 'Logic of Reflection' (*Reflexionslogik*). The totality presupposed for developing the categories from the 'poorest' (being/nothingness) to the 'richest' (the concept/the idea) is therefore constitutive to the object, a totality understood as 'overgrasping subjectivity'[170] (*übergreifende Subjektivität*). It must therefore begin with *mere semblance*, with what is *untrue*.[171] This also means that the *independence* and 'immediate truth' of the categories will show themselves to be *wrongly assumed*. Being and Nothingness are *absolutely mediated* categories that cannot even be meaningfully determined when their 'purity' is assumed: taken in isolation, they *cannot account for their own constitution*. The same goes for the commodity and the semblance of simple circulation: we are here only confronted with a distorted version of truth. The deeply problematic truth of capital can only be elucidated as a *complete* critique of its constitutive categories, that of political economy. It is therefore all the more strange that Marxist authors claim that Hegel started from the premise of presuppositionlessness.[172] The

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168 Marx 1973, p. 248. The context in which the quote appears is the critique of Proudhon, who is attacked as a deeply 'bourgeois' thinker in believing that exchange represents a 'system of universal freedom' which has only been 'perverted by money, capital, etc'. Marx 1973, p. 248.

169 See Lange 2016, pp. 254–65.

170 Hegel 1991 [1830], p. 290.

171 'At this point, we could at once raise the question why, if that is the case, we should begin with what is untrue and why we do not straightaway begin with what is true. The answer is that the truth must, precisely as such, *validate itself* [*muss sich bewähren*], and here, within logical thinking itself, validation consists in the Concept's showing itself to be what is mediated through and with itself, so that it shows itself to be at the same time the genuinely immediate'. Hegel 1991 [1830], p. 134.

172 The matter is complicated by the fact that there are supporters (Arthur, Reuten) and opponents (Murray) of Hegel's alleged 'presuppositionlessness', but the claim itself is never doubted. Murray e.g. says: 'Marx does not leave the circle of Hegelian systematic dialectics unbroken; he objects to the "presuppositionlessness" of Hegelian systematic

contrary is true: in Hegel's, like in Marx's presentation, the development of the idea *deliberately* begins from a completely mediated nexus that, in the beginning, must show itself to be wrong *precisely by taking the categories in isolation*, without presupposition, in the manner of 'outer reflection'. One must even concede that in the bourgeois economists, like the philosophers Hegel criticised (we must of course think of Kant), precisely because their own *categories were conceptualised as unrelated, they were contradictory*. We must here return to the question of form. In Chapter 1.1., we have already sketched the function of form analysis as the specific method that reveals the obliterated genetic construction of the conventional categories (or 'forms'), i.e. money, capital, wage, profit, rent, etc., in their *form*. Marx's impetus is very Hegelian here: his *concept of form* coincides with Hegel's *concept of the concept*, namely in that it resolutely rejects a mere 'formal' understanding of form. The concept of overgrasping subjectivity (mediation) entails a concept of form as *form-content* (*Formgehalt*), which *no longer stands in opposition* to the content or 'substance' it designates. The object of investigation (the social form of labour that generates the capital-relation) is given as a processual total structure of economic forms and changes of form (*Formwechsel*) whose 'inner cord' ('innres Band')[173] presents the *universal commonality* to all *particular* forms labour assumes, as an 'overgrasping' relation. This is no easy task: because the form determinations *only exist as moments of the total nexus*, Marx – and we, as his readers – must position ourselves as the *criminal investigators* of political economy who reconstruct the nexus from its mere (and sometimes outright inverted) appearance. The general nexus of the totality of forms is therefore simultaneously the content of this process, and in this sense, *form is also content*. Any analysis that proclaims a systematic scientific approach must therefore account for the mutual 'overturning' (*Umschlagen*) of form into content, and content into form.[174] Let

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dialectics and insists that science has premises, which he and Engels sketched in *The German Ideology*'. See Murray 2000, p. 38. But at the time of *The German Ideology*, Marx has not yet developed a theory of value at all! This early work is set within a radically different methodological framework and has different objectives than Marx's later, economy-critical work.

173 Marx 2008, p. 27.

174 'Substance, therefore, is the totality of the accidents; it reveals itself in them as their absolute negativity, i. e., as the absolute might and at the same time as the richness of all content. The content, however, is nothing but this manifestation itself, since the determinacy that is inwardly reflected into content is itself only a moment of the form, which passes over into the might of the substance. Substantiality is the absolute activity-of-form and the might of necessity, and every content is just a moment that belongs to this process alone – the absolute overturning of form and content into one another'. Hegel 1991 [1830], pp. 225–6.

us see how this understanding can be made fruitful for a precise view of the critical functions of value form analysis.

1.3.3 *The Functions of Value Form Analysis*

Generally speaking, the foremost function of the analysis of the value form is the critique of fetishism of the bourgeois relations of production. In the analysis of the value form, Marx confronts this fetishism on different levels of abstraction: a) in a logical-systematic *reconstruction* of the transition from the sphere of simple circulation as the abstract and ideological sphere of bourgeois production to the actual basis of that mode of production, b) in a theory of value *constitution* through the analysis of form and content of the universal equivalent that appears as *money* (form) (against premonetary theories of value) c) in the demonstration of the 'law of value' in terms of a successive detachment from the intentions, wants and personal desires of the owners of commodities as a law of '*autonomisation*'. We have already covered a) in the previous analysis of the commodity as a 'mediation of totality' in which the confrontation between capital and labour is obscured. In the following, for reasons of space, our evaluation of some approaches in value form theory, has to limit itself to b).

The deduction of the value form of money from the semblance of the simple exchange of commodities to its constitutive *content* in human labour in the abstract does not mean that the *form* of value is arbitrary, or even dispensable. To the contrary: value has its necessary form of appearance in money. In other words, in its 'palpable', material, objective, and therefore fetishised form, value has *no other existence* than in money. Yet this does not mean that *it is* money: it must however *appear* as such.[175] In Forms II–IV of value form analysis, Marx has shown that money as the universal equivalent is the specific form in which value functions as the synthesis of the mediation of private labours in a social context. However, the relation of content or *substance* (human labour in the abstract) and *form* is not exhausted in a simplistic antagonism between essence and appearance. Essence must appear (in the Hegelian sense), but in a form in which its own fetishistic obliterations *can still be identified as such*.

175 'It is not money that renders the commodities commensurable. Quite the contrary. Because all commodities, as values, are objectified human 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. Money as a measure of value is the *necessary form of appearance* of the measure of value which is immanent in commodities, namely labour time'. Marx 1976, p. 188. Emphasis added.

The analysis of the form must therefore identify the content that grounds the form *in the form itself, against its semblance, and make it appear*. This is the case when the legitimisation strategies of simple circulation become entangled in self-contradictions, and this only happens when money is treated as an entity *external* to the exchange process: a mere means of the facilitation of exchange, as means of circulation. However, money as the palpable form of abstract labour then is the *conditio sine qua non* of general social exchange, so that theories that suggest the dispensability of money in order to realise 'equal exchange' contradict their own premises.[176] But while the specific *content* is indicative of a specific *form*, the reverse is also true: the *form must indicate* a specific *content*. Saying that there is no such thing as value without a general equivalent implies that only in the equivalent form, the real reduction of the different labours to abstract-general human labour is *always-already posited*. Value form analysis therefore also entails a theory of the *constitution of value*. This is already clear in the specificity of the simple form of value (x commodity A = y commodity B) that consists in its *polarity*, i.e. not merely indicating a reversible relation, but *mutually exclusive* function, and that, as such, indicates a specific *content* of the equivalent *form*. In it, no specific, concrete human labour, but human labour in the *abstract* is the ground or content that enables *all* the specific and concrete labours to mirror themselves in it, to 'stand in' for it. Money therefore has the double function of representing *all* the commodities, but *none of them* specifically. As a 'thing', it therefore represents human labour in the *abstract*, *all* labours, but *none of them in particular*. This is indeed the 'joint contribution of the whole world of commodities'.[177] In this context, the proposition that Marx's analysis 'prematurely' introduced a 'posited ground' for value in labour becomes meaningless. The requirement of the forms of value to be 'studied first' is equally absurd: the forms of value are not self-explanatory. A method that hypothesises the forms of value, instead of analysing them in order to reveal their obfuscated content, 'sticks fast to the simplest economic relations'.

Value as a social totality can never be constituted in a mere *Formwechsel* of C-M-C or M-C-M. The forms of circulation and exchange can never constitute economic objectivity: 'Simple circulation is not the autonomous sphere of the economic constitution of objectivity – as such, it exists only in the ideological semblance of legitimisation of bourgeois self-interpretation'.[178] They are the mere illusory forms with regard to the real basis of value constitution in the

176 This is Marx's main point against Proudhon's 'People's Bank'.
177 Marx 1976, p. 159.
178 Brentel 1989, p. 256.

real subsumption of labour under capital. We can already become witness to this in the 'Contradictions in the General Formula' in Chapters 5 and 6 of *Capital* Volume I. The Marxian authors we have discussed above, whose impetus lies in distancing themselves from 'traditional', i.e. 'embodied labour'-theories of value have overstated their case, by resorting to formalistic theories of value that are, at best, tautological like the theories of the classics (which they do not even consider), and, at worst, an uncanny invitation of marginalist assumptions into Marxian theory. However, Marx's labour theory of value was designed as an antidote to these views. The social form of labour whose economic form character has been overlooked by 'traditionalists' and their opponents alike, indeed surpasses the problematic of a mere antagonism between form and substance to open the horizon for a fundamental critique of the real semblance, the fetishism, of capitalist self-presentation. With these preliminary remarks on the problematic that *Value Without Fetish* addresses, we can return to Uno Kōzō's method and object regarding 'political economy' as a science. 'Method' thus forms the first, and 'Object' the second – and longer – part of this book.

In the following Chapter 2, with which the first part on 'Method' closes, we will elaborate the specific ways Uno attempted to access the problem of the logic and the history, and its presentation in Marx's *Capital*. In the chapter, we will critically deal with Uno's *sandankairon* or the 'Three-Level Method' (or 'Approach') to political economy. Against its claim to provide the missing link or linkage between the logic and the history of capital, we will show that the Three-Level-Method remains *external* to its object, failing to account for both its own constitution and the relation to the objects it addresses (Chapter 2.1.). Our investigation into the 'Limits to the Three-Level Method' will also lead us to question Uno's interpretation of 'Primitive Accumulation' and its systematic locus at the end of Volume I of *Capital*. Because Uno's method is situated around two important claims, we will highlight the two methodological 'axes' of pure theory or *genriron* that Uno identifies for his own specific approach to political economy: on the one hand 'The Law of Population', discussed in Chapter 2.2., and 'The Commodification of Labour Power' on the other, discussed in Chapter 2.3. Both 'axes', while intricately linked, significantly form the vantage point for Uno's analysis of capital, and will therefore be scrutinised – and criticised – in detail. We will show that the axes, forming the 'coordinate system' of Uno's approach, do not only not adequately reproduce the *Problemstellung* of Marx's own analysis, but that Uno's particular angle even *eliminates* Marx's own critical analysis of accumulation, crisis, and the reproduction of labour power under conditions of unequal exchange.

With the general evaluation of Uno's methodological approach to capital as the subject of political economy, we can now turn in more detail to the question

of *value* in Chapter 3, 'Uno's Theory of Value without Fetish', introducing the second part of the book. A close analysis of Uno's 1947 monograph *Value Theory* (*Kachiron*) forms the centre of this chapter. The specific focus is on Uno's interpretation of value form analysis in Section 3 in the first chapter of *Capital*. Uno's view of abstract labour as a particular form of concrete labour (to be discussed in Chapter 3.1.), and his theory of value derived from the 'want of the commodity owner in the relative form of value', introducing the motive of methodological individualism (in Chapter 3.2) will be critically reflected, as well as his theory of money that we find remaining in the framework of Samuel Bailey's nominalist theory of money (Chapter 3.3.). This chapter will also recur to Uno's view of capital as M-C-M' – 'Capital as Pure Form' – and its exclusion of the specific form of capitalist wage labour from this pure form, relocating the 'pure form' of capital to merchant capital instead (Chapter 3.4.).

Chapter 4, the longest chapter, will finally address Uno's theory of pure capitalism in his main work, *Principles of Political Economy* (1950/2 and 1964). Here, Uno's Great Three Laws of Political Economy, the law of value, the law of population, and the law of the equalisation of the rate of profit, will be taken up and addressed in the different contexts that they appear in this work. The chapter will first provide a summary of the 'Reconstruction of *Capital*' (Chapter 4.1.) that is also indicative of the *content* with which Uno, in contrast to Marx, chooses to present his pure theory. For example, by directly subsuming the 'General Law of Capitalist Accumulation' (Chapter 25 of *Capital* Volume I) to the 'Reproduction Schemas' of *Capital* Volume II, Uno both dislocates and problematically realigns the specific locus and explanatory function each respective theorem has in Marx's architecture. This move however allows Uno to formulate his 'Law of Value as the Law of General Social Equilibrium' (Chapter 4.2.), which we reject and directly confront with Marx's 'Law of Value as the Law of Crisis' in Chapter 4.4. It is however not without Uno's own view of the nexus between values and prices, contrasting it with Marx's critique of the fetishistic forms of profit and price, that the radical opposition between Uno's and Marx's approaches to political economy – the first as the 'internal dream or fantasy of capital',[179] the second as its *critique* – becomes fully transparent. The question of 'Surplus Value and Profit: The 'Transformation Problem' in Uno's Perspective' (Chapter 4.3.) therefore provides the link to the closing assessment of the disparity between Uno and Marx that is not only indicative of a contrasting *interest* in the theory of capital, but also of a disparate *objective*: while Marx's intent was to disclose the fetishistic forms

179 Walker 2016, p. 164.

that obscure the actual workings of the capital relation both in its agents and theorists, in order to pave the way for its overcoming, Uno contents himself with reproducing the fetishistic sphere itself, often digressing to the framework of classical and vulgar economists and their *form-theoretical*, but never *form-analytical* impetus. Because Uno's work has received a vivid reception both in Japan and internationally, which even accompanied the formation of his own 'School', Chapter 5 will discuss 'Uno's Legacy in Japan and Beyond'. Needless to say, another 500-page book can be written about the reception of Uno's value theory in Japan alone, which is why we limit ourselves to a line of reception in Japan that is most articulated in accentuating Uno's theory of value in relation to his theory of money, radicalising the 'monetary approach' lurking, but not autonomously formulated, in Uno's writings. We identify a 'post-Uno School' of Value Theory in Japan that, while being critical of Uno, is also considerably informed by his major theoretical interventions – while drawing on the works of proponents of the Neue Marx-Lektüre. Here will therefore also be the place to direct some points of critique to its proponents Hans-Georg Backhaus and Michael Heinrich.[180] A critical discussion of two authors of the 'post-Uno School' – Ebitsuka Akira and Mukai Kimitoshi – will be presented in 'Money Vs. Value? The "Monetary Approach" in the post-Uno School of Value Theory' (Chapter 5.1.), delineating the trajectory Uno's work has taken in Japan. From here, we move to Uno's Anglo-American reception, which arguably presents the internationally best known line of the reception of Uno's work to a non-Japanese speaking audience. In 'The "Dialectic of Capital" as the Apologetic of Capital in the Anglophone Uno School' (Chapter 5.2.), we engage with the works of Uno's student Thomas T. Sekine, through his translation work arguably the founder of the 'Uno School' in the West, and Robert Albritton who was the first proponent of the Uno School not to read Uno in the original. Sekine's work, though time and again emphasising capital as a 'dialectical logic', is predominantly found to propose a *linear* approach to capital as an object of investigation, consequently culminating in an 'equilibrium' theory of price, which we have already problematised in Chapter 4.2. in relation to Uno. Albritton's work will be reflected against the background of the 'logic' and the history of capital in Uno's *sandankairon* and the disparity or *gap* that cannot be filled by virtue of its own theoretical claim. This allows us to identify the specific marks that Uno's work has directly left on theories of capital in mostly English-speaking countries.

180 Both Heinrich and Backhaus however also form crucial points of reference for this book.

At a further remove, in the final chapter (Chapter 5.3.), we will question some recent historiographies of Japan that have been more or less directly influenced by Uno, but have attempted to form their own approaches, most notably in relation to the question of real subsumption. In 'The Meaning of Real Subsumption, or the Real Subsumption of Meaning: Aspects of Anglophone Uno School Historiographies' (Chapter 5.3.), the works of Harry Harootunian and Gavin Walker, who have both recently published remarkable monographs on Japan's specific historical trajectory and Uno's view of it, will be our topic of interest. Here will also be the place to return to the overarching theoretical problem that we have identified as 'use value fetishism' in Uno's own work. Both Harootunian and Walker share a common theoretical basis that informs their respective interventions: the disavowal of *value* as the organising principle of modern capitalist social relations and, by the same token, the hypostatisation of the *use value aspect* of the commodity form as the 'positive' aspect, which allows us to either denounce real subsumption in favour of formal subsumption (Harootunian), or even as site of resistance to capital (Walker). Precisely by disavowing the status of value from Marx's critique – or eliminating the critical object of the Critique of Political Economy altogether – we believe that both approaches, faithful to Uno's core theoretical emphasis of use value against value, provide both theoretically and empirically counterfactual and politically questionable explanatory attempts for the global rise of capital. By choosing to ignore the nexus between value and fetish, the theorists in Uno's vein, like Uno before them, do not only leave the problem of fetishism intact – they reproduce it on a higher scale.

This book is written for the people who continue to question the *predicament* that is capital – capital not as a 'fact', as mere 'object', but as something that draws and lives on the 'life-blood' of those who foster capital's own fetishisms and the many-fold strategies of its self-legitimisation. The true challenge, as we are aware, is still ahead. This book hopes to blow a breach for those willing to taken upon themselves this 'almost irresolvable task'.[181] Irresolvable it shall not remain.

181 Adorno 1953, p. 63. Own translation.

CHAPTER 2

What's 'Pure' about Capitalism? Uno's Three-Level Method and the Theory of Principles

> The one-sidedness idealistically lamented as 'economism' … is an abstraction not performed by the theorist, but by social reality.
>
> ALFRED SCHMIDT[1]

This chapter will interrogate the method of a theory that makes 'pure capitalism' (*junsui shihonshugi*) its object. Since the theory of 'pure capitalism' as the theory of principles or *genriron* is embedded into the so-called 'three level-method' (*sandankairon no hōhō*), we will first consider the extended framework of that method and with it, Uno's methodological reflections regarding 'political economy' (*keizaigaku*) as a science. Only after addressing what we believe are the 'Limits to the Three-Level-Method' (Chapter 2.1.) will we move on to the heuristic framework of pure theory or the *theory of principles*, which Uno posits in the fundamental laws of capitalist reproduction, i.e. the law of population (Chapter 2.2.) – one of the 'Three Great Economic Laws that Govern Capitalism'[2] – and the commodification of labour power (Chapter 2.3.). Chapter 2 will reflect the *general methodological outlook* of Uno's approach. With the critical reflection of its framework, it will provide a discussion of the *context* in which Uno's 'pure theory' is set. While 'pure theory' – Uno's theory of value and money, social reproduction, capital, prices of production, crisis etc. – constitutes the main object of the present volume, the critical discussion of his general method is paramount to grasping Uno's specific interpretation of Marx's work. As we will see, the *elimination of Marx's specific Problemstellung from Uno's method*, i.e. the elimination of the problem of the autonomisation of

1 Schmidt 1968a, p. 33.

2 '*Shihonshugi wo kisei suru sandaikeizai hōsoku*', the title of an essay in the 1969 collection *The Political Economy of* Capital (*Shihonron no keizaigaku*). The other two laws concern the Law of Value and the Law of the Equalisation of Profit Rates, which will become thematic in Chapters 3 and 4, respectively.

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economic forms as empirically 'given' rather than socially mediated categories, or the method of the Critique of Political Economy as the critique of the fetishisms of bourgeois relations of production, leads to an impasse for an *adequate* understanding of the specificity of the capitalist mode of production. Hence, what is questioned in this chapter is the usefulness of the 'purification' of theory for adequately grasping what constitutes capitalist relations of production as a *theoretical problem*. We counter Uno's approach that treats capitalist 'commodity economy' as a given with a set of problems whose implications directly relate to the *epistemological* dimension of the presentation of capital. The method of the presentation of the 'pure mechanisms' or principles of capitalist reproduction, we argue, is methodically counterfactual to its object – the capitalist mode of production – whose 'operational mode' is constituted by the antagonistic relation between essence and appearance mediating these 'principles', and which is therefore never 'pure': moreover, it is precisely the 'impurity' of the categories of political economy that is constitutive for capital's actual *modus operandi*. What is lost in Uno's theorisation therefore is precisely what is crucial to Marx's project: not the 'correct' presentation of how capitalism 'really works', but the analysis and critique of the forms by which capitalism *comes to appear* as a social formation in which 'everything happens above board'[3] – while its essential constitutive nexus becomes increasingly obscured in the progress from the category of the 'commodity' to that of 'interest-bearing capital'. The attempts at the purification of capital's principles therefore misses the crucial *confrontation* with the 'deranged forms' in which capital presents itself in conventional interpretations – not only Marx's times, but also today. As we will see in later chapters moreover, the negligence of the *critical* dimension of Marx's project, equivocal to its overall incentive, results in a method akin to that of political economists Marx predominantly criticised, e.g. Samuel Bailey or David Ricardo who both, despite their disputes, shared a common disinterestedness in the problem of *conceptual abstraction*, collapsing appearance and essence into one. Like them, Uno, by taking the immediate and 'given' forms of appearance for the 'purified' process of capitalist relations – as we will for instance see in his interpretation of 'simple exchange' – also digresses towards conventional bourgeois economism, including its apologetic character. It is therefore unsurprising that elements both of Bailey's and Ricardo's theories, consciously or unconsciously, supplement the framework of Uno's 'pure theory' of principles. Hence, in Uno's interpretation of the object of inquiry, the

3 According to a lecture Adorno gave in the summer term 1962 on 'Marx and the Basic Concepts of Sociological Theory', quoted in Backhaus 2011, p. 506. Own translation (see also the translation by C. O'Kane and V. Erlenbach in Historical Materialism 26.1 (2018), pp. 154–64).

capitalist mode of production, Marx's critical claim is lost. That Uno treats capitalist commodity economy as a 'given' can also be seen in the theoretical formation of the 'three level-method' from certain biographical and intellectual interests on Uno's side. Especially the rejection of historical materialism as the foundation for the scientific reflection of the capitalist 'commodity economy' constituted a major trait of Uno's theory-building. In the Foreword to the 1971 edition of *Types of Economic Policies under Capitalism* (*Keizaiseisaku ron*) (1936), Uno reflects on his time as a lecturer of economic policy at Tōhoku University before the war, immersed in such classics as Marx's *Capital* and Lenin's *Imperialism*:

> In my isolated reflection … I was led to the conclusion that *Capital* essentially advanced what I would call *Genriron*, or a logically closed (and hence pure and general) theory of capitalism, and, in that light, I arrived at a dawning awareness of how I might solve many difficult problems which had previously perplexed me …
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> Since a fully transparent explication of the 'economic' base of a society, which the materialist conception claims to consist of the totality of its production-relations, could be accomplished only in the light of the *Genriron*, the pure theory of capitalism, it was economics that would validate the materialist conception of history (at least insofar as it pertained to capitalism), and not the other way round.[4]

The critical view of the 'materialist conception of history' accompanied Uno throughout his life. The challenge it presented for Uno would only be satisfactorily confronted with the conceptualisation of the three level-method, of which the earliest version was already formulated in the original version of the *Principles of Political Economy*, arguably Uno's main work, in 1950. As such however, it has not yet become a thorough framework at this stage. The work that most systematically presents Uno's own reflection on the three level-method – which he, as we will see, considered superior to Marx's of the Critique of Political Economy – can be found in a later work, *The Methodology of Political Economy* (*Keizaigaku hōhōron*), published in 1962. This work should therefore introduce us to the three level-method, as conceived of by Uno.

The Methodology of Political Economy, or the *Methodology* in short, conceptualised as a monograph, is divided into four distinctive parts – Part I: 'The

4 Uno 2016 [1971], p. XIII. See Uno 1974 [1971], p. 5. Sekine's translation in Uno 2016 [1971] is rather loose, e.g. the parentheses in the English rendition are added by the translator.

Object of Political Economy', Part II: 'The Analysis of the Study of Political Economy', Part III: 'Political Economy and Historical Materialism'; and Part IV: 'Some Problems Concerning the Methodology in *Capital*'. Part II also provides a supplementary discussion on (A), 'On the Refutation of the Claims of Bernstein's Revisionist School in Kautsky's Orthodox School of Marxism', divided into four subsections, and (B) 'The Conflation of the Theory of Principles and Stage Theory in Hilferding's *Finance Capital*'. Of these, only Parts I and II (without the supplement) directly engage in a reflection of the three levels. Oddly, parts III and IV do not form a stringent argumentative whole with the beginning of the book; while they can be said to discuss methodological problems of stage theory and the theory of principles respectively – albeit on very distinct levels, one broadly philosophical, the other predominantly discussing minutiae in *Capital*'s value form analysis – they do not make Uno's own overarching methodological structure culminating in his three levels-theory its specific object. However, the discussion in Part III on the 'materialist view of history' is one important original motivation for Uno's conceptualisation of the three levels-approach. Seen this way, the themes and levels of the thematic discussed in this book are mildly disparate. In the discussion we will therefore concentrate on parts I and II of the *Methodology*, and draw instead on a later work by Uno, *The Political Economy of Capital* (*Shihonron no keizaigaku*), published in 1969. Indeed, while the bulk of Uno's work is devoted to questions of method and the status of political economy as a science, the first part of *The Political Economy of Capital* is especially significant for the theme of our book, since here Uno attempts to shine a broader light on the relation between his own method and that of *Capital*. Here, the section in which Uno expounds the 'Three Great Economic Laws that Govern Capitalism' offers a comprehensive insight into the basic structure of the first level of the three level-method, that of the theory of the principles or *genriron*. This becomes especially clear in the 'Law of Population' which, next to the commodification of labour power with which it is closely connected, will be thematised as one of the axioms or 'axes'[5] of pure theory. The remaining two 'Great Economic Laws', i.e. 'The Law of Value', and 'The Law of the Equalisation of Profit Rates' will be discussed in Chapters 3 and 4, respectively, while we draw on other texts in which Uno expounds on these matters at greater length, namely *The Theory* of *Value* (1947) in Chapter 3 and the *Principles of Political Economy* (*Keizai Genron*, subsequently *Principles*) (1964) in Chapter 4. As indicated above, in the original

5 Uno calls the law of population one of the three 'axes' for the understanding of capitalism. See Uno 1974 [1969], p. 25.

edition of the *Principles* in two volumes (1950–2), we do not yet find a thorough systematisation of the three level-approach. Yet, at the end of part two of the Introduction, titled 'The Method of Political Economy' (*Keizaigaku no hōhō*), we find a quote that briefly refers to the threefold 'fields of research' of the method, but the different terminology used in this short passage shows that Uno has not yet settled on the principle of *sandankairon* which becomes eminent in the *Methodology* and then, more poignantly, in the abridged 1964 edition of the *Principles*. Here, in the 1951 Introduction, Uno already admits to the pioneering work – and influence – of Marx's *Capital* as the 'methodologically first road of completion' (*hajimete kansei suru michi*) of political economy since the seventeenth century. Uno, however, insists that 'the field of research' of political economy must be divided into different parts:

> The field of research of political economy becomes separated into, first, the purely theoretical system, second, the world-historical developmental stages of capitalism, third, the three stages of capitalism in each single country, or the concrete analysis of world capitalism. Furthermore, as against the economic analysis of capitalist societies, I want to show the economic history of pre-capitalist societies, or the individually appropriate method for the study of socialism.[6]

We can see here that the focus on a threefold system already existed. It was, however, not Uno's primary concern when he worked on the *Principles* right after the debates on value theory of the late 1940s – debates that formed Uno's primary interest in Marxian political economy at that time. Since this was the only 'step' or 'part' of the system he worked out the details of, it deserves a closer focus, even if it anachronistically predates the wider architecture Uno only conceptualised in the early 1960s. Accordingly, we first want to take a broad look at the sketch Uno draws of the three level-method in the *Methodology*. However, Part IV of *The Methodology*, 'Some problems in the method of *Capital*', will again become thematic in the discussion of Uno's interpretation of the value form in Chapter 3, so that this work forms a valuable source for approaching the gist and intent of Uno's theory in general.

The title of the work is not accidentally chosen by Uno.[7] It coincides with Section 3 of Marx's own methodological reflections in the 1857 introduction to

6 Uno 1973 [1951], p. 18.

7 The term *hōhōron* could be translated both as 'method' and as 'methodology'. The suffix -ron in Japanese means 'theory', a 'debate' a 'system', or simply the scientific treatment of a problem – hence, Marx's *Capital* is translated not as *shihon*, which would be a literal translation of

the *Grundrisse*, the General Introduction to the *Contribution to the Critique of Political Economy*, which was discarded in Engels's later editions.[8] As we will see, the significance of this section for Uno – the *Methodenkapitel* which like no other part of Marx's work discloses his own methodological reflections at the beginning of his economic-critical phase – is fundamental for the development of Uno's own three level-method. Because of the strong influence for Uno, it could be said to take the same position in Uno's work as the *Methodenkapitel* in that of Marx's, and it is on this basis that the *Methodology* serves as the main text of our analysis of Uno's three level-approach. In 'The Limits to the Three Level-Method' (Chapter 2.1.), we will examine the content and intent of Uno's three-level approach in light of Marx's method in *Capital* from the vantage point of our commentary conducted in Chapter 1. We will specifically counter Uno's claim that Marx's method insufficiently *purified* the 'theory of principles' or *genriron* from its illustrations in particular historical or empirical circumstances, as could be e.g. seen in the chapter on 'So-called Primitive Accumulation', delivering an insufficient basis for a thorough 'theory of principles'. We will show why the form analysis of value must logically precede the presentation of its historical generation, and also which *critical function* the historical and the empirical illustrations in *Capital* serve. In this context, Uno's insistence on 'uneven development' against Marx's conception of England as the denominator showing the less advanced countries 'the image of their own future',[9] and Uno's critique of the illustrative example of nineteenth-century England, will be the object of critical examination. Critically targeted in particular will be Uno's insistence on the importance of communal exchange as a general economic principle – an insistence which pitches it in opposition to 'primitive accumulation' in their respective theorisations and in the empirical-historical approach to the concrete case of Japan. Rejecting the presentation of the violent process of primitive or original accumulation as part of the 'prin-

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the term 'capital', but as *Shihon*ron. We decided to stay closer to the original stress on systematicity suggested by the suffix. This does not mean however that the *Methodenkapitel* ('The method of political economy') could not be translated directly as *Keizaigaku hōhōron*. To differentiate between the 1962 monograph and the subsection of the Introduction to the 1951 edition of the *Principles*, however, we chose a more literal translation of the respective titles. It is telling that as early as in the 1951 edition Marx refers to the *Grundrisse* Introduction, the same passage that becomes relevant again in the *Methodology*.

8 For a meticulous commentary on the evolution of Marx's conceptualisation from the 'six book-plan' and 'capital in general' towards what we know today as *Capital* – of which, because of the strong interventions and restructuring in Engels's editing process, Michael Heinrich claims it was not Marx's, but Engels's, work – see Heinrich 2011, pp. 155–93.

9 Marx 1976, p. 91.

ciples', Uno traces the *formal origins* of capital back to the form of merchant capital and commodity *exchange*. For Uno, the exchange process is the pivotal theoretical site in which the principles of a capitalist 'commodity economy', regardless of its individual generative process, must be situated. Commodity exchange as the 'primordial' principle of capitalist society accordingly functions as the explanatory and systematic basis for the *frame joint* of pure theory, the commodification of labour power and the formation of a relative surplus population as the *sine qua non* of the capitalist mode of production. In contrast, Marx imbeds the discussion of the commodification of labour power in the violence of primitive accumulation in which the sale and purchase of labour power becomes 'a relation inherent in *production* itself'.[10] Two aspects are crucial to the discussion: a) the viability of a method that places such emphasis on the formal aspects of capital, with the danger of succumbing to the fetishistic semblance of 'simple exchange' and disregarding the productive relations enabling it, and b) the viability of a method that nowhere formulates a 'standard' of the level of 'purification' demanded from its own theory. This relates to the problem of the *structural unity* of the three level-approach. We will ask whether this method can in and of itself answer to what we believe are sound criteria of method – criteria which necessarily *presuppose* the unity and the interrelation of the 'three levels' as their condition of possibility. In other words, we will ask on which encompassing 'level' the 'three level-method' must be situated in order to present meaningful 'levels of abstraction' at all.[11] Only if each level can account for its own logical necessity in relation to the instance *the levels are abstractions of*, can we maintain that Uno has developed a valid and coherent systematic method.[12] Chapter 2.2, 'Pure Theory's X-Axis: The Law of Population', and Chapter 2.3., 'Pure Theory's Y-Axis: The Commodification of Labour Power', discusses Uno's insistence on the pivotal function of the law of population specific to the capitalist relations of production and the commodification of labour power related to it, which both ground the theory of principles as the study of the *modus operandi* of the capitalist mode of pro-

10 Marx 1978, p. 196.

11 In this context, it is useful to point out Uno's denial of a 'universal' or 'genus' the three levels form abstractions of, and the subsequent critique of Mita. See Kakuta 2009, p. 188: 'Mita argued that a denial of the concept of genus would fall into self-contradiction because to deny the concept of genus is only to create a new concept of genus. To take an instance, a concept of financial capital in general needs a concept of capital'.

12 This is also pointed out by Kakuta: 'In Uno's stage theory, there is nothing but the particular. Between the universal and the particular lies a crucial disjunction … Although Uno said that the stage theory forms the medium, the medium is not related to the universal theory'. Kakuta 2009, p. 283.

duction. What fundamentally characterises capitalist societies, for Uno, is that with the development of the forces of production, capital loses its grip on the supply of labour power, because the labour power commodity cannot be directly produced by capital itself. Being the only commodity that *capital itself cannot directly produce* (alongside land), it marks a 'disruption' to the valorisation cycle and generates a slump or 'depression' (or 'contraction') in the business cycle. Yet, capital finds ways to react to this cycle, producing a relative surplus population from which it is able to generate a new period of accumulation or growth, spurring the development of the forces of production afresh. Uno places this theory in opposition to what he calls the 'law of immiseration' within the discussion of the General Law of Capitalist Accumulation in *Capital*, Marx's alleged misrecognition of labour power as a commodity capital cannot itself produce, and its effects on the business cycle. The central general assumption or 'axiom' of pure theory, however, is the problem of the commodification of labour power, assumed as the only commodity capital cannot 'directly' produce by its own means. In our structure, the reason for the separate discussion of the law of population (Chapter 2.2.) and the problem of labour power as a commodity (Chapter 2.3.), despite their entangled position in Uno's interpretation, is to move from a more specific crisis-analytical framework of Uno's interpretation of the business cycle in relation to the absorption of the 'industrial reserve army' towards the general theoretical framework underlying this view of accumulation and crisis, which also requires a more general response. This response, directly questioning Uno's hypostasis of the aspect of use value in the private consumption process of workers as an 'obstacle' to the valorisation cycle, will lead us to the discussion of Uno's theory of value in Chapter 3.

In the following, we will first take up Uno's criticism of the 'law of immiseration' and the General Law of Capitalist Accumulation to show, with Marx, that the question of 'too many or too few workers' is beside the point of the capitalist reproduction process. Uno's view of the centrality of the private consumption process of labourers as constitutive, yet uncontrollable by capital itself – the 'savage outside' of capital – does not yield a meaningful contextual analysis of the crisis tendencies of capitalist production as a whole. What primarily concerns our analysis here is Uno's thesis of the structural necessity and simultaneous 'impossibility' of the commodification of labour power. Because Uno remains tacit or implicit on the structural reasons for capital's alleged failure to directly produce the labour power commodity, we will draw on Gavin Walker's recent elaborate attempt[13] to give coherence to this thesis.

13 Walker 2016, pp. 108–151.

The discussion of Walker's commentary further enhances our diagnosis that the conceptual abstraction activated in Uno's view of capitalist production and reproduction is limited to the realm of *use value* as the structuring principle and remains irresponsive to the predicament imposed by the *value* nexus. This is reflected in a, we believe, counterfactual positing of the consumption and reproduction process of labour power as an 'outside' to the commodity relation. In contrast, we will show that the real subsumption of labour under capital is expressed in the *monetary* mediation in which capital alone *relates to itself as capital*, and labour relates to itself as *specifically capitalist labour*. We believe that the disavowal of the monetary nexus constitutive for the real subsumption of labour under capital leads to a truncated view of the structuring force of value as a real abstraction, reproducing its fetish-character, and leaving the problems posed by the contradictory unity of capital as a theoretical object unaddressed.

2.1 The Limits to the Three Level-Method (*sandankairon*)

2.1.1 *The 'Capitalist Commodity Economy' as Given Data*

Uno conceptualises the method of political economy – as we have briefly seen in the 1950 Introduction to the *Principles* – as consisting of three levels of abstraction that serve to understand the 'commodity economy' of capitalist society, and which only in their totality deliver a complete understanding of capitalistically organised societies and simultaneously their prospective overcoming. On the first level of abstraction, we find the 'purely theoretical system', i.e. 'pure theory', the 'principles', or, in the most often used idiom, 'the theory of principles' (*genriron*). The theory of principles presents the lawfulness (*hōsokusei*) of a 'purely capitalist society' (*junsui no shihonshugi shakai*) as is represented in any 'commodity economy' in a *logical* system. The term 'purity' refers to an utmost level of abstraction, which addresses the most general categories as they are the result of *non-empirical, i.e. strictly conceptual* reflection, and which thus have validity for any concretely historical commodity-economic mode of production. On the second level of abstraction, 'stage theory' (*dankairon*)[14] serves to present the concrete *historical* periods that form

14 We translate *sandankairon* as the 'three-level method' in contradistinction to 'stage theory' (*dankairon*) which shares its Japanese characters with *sandankairon*, and could hence be translated as 'level theory'. Since Uno emphasises the distinction of *sandankairon* and *dankairon* – after all, dankairon only marks the second 'level' of three – we make use of a variation in the English translation.

the history of commodity-economic, i.e. capitalist societies, in their temporal sequence: mercantilism from the fifteenth to the seventeenth century, liberalism from the seventeenth to the late nineteenth century and imperialism from the late nineteenth to the twentieth century, along with their corresponding forms of capital – merchant capital, industrial capital, and finance capital respectively.[15] On the third and last level of the method of political economy, an 'analysis of the actual phenomena' (*genjō bunseki*) serves to evaluate the concrete political situation of different historical-economic epochs, as well as the present. The third level, which Uno also calls the 'ultimate aim of the research of political economy', prepares the stage of direct 'socialist practical action' which is not given in the principles and in the historical stages.[16] However, it is the stages theory that connects the principles to the 'analysis' and mediates levels one and three: 'The principles, mediated through the stage theoretical norms, become the standard for analysis.'[17]

We here briefly digress to point to a terminological specificity in Uno's theoretical writing. The term 'commodity economy' (*shōhin keizai*) is absolutely central for Uno, since the commodity and its form are the main characteristics of capitalist economy: 'Our present economic life adopts the *form* of

15 In his evaluation of finance capital as a qualitatively new period of capital accumulation, Uno leans on Hilferding and Lenin whose theory of imperialism (see Lenin 2010 [1917]) was directly influenced by Rudolf Hilferding's *Finance Capital* (see Hilferding 1981 [1910]. For Hilferding's influence, see Volume 39 of Lenin's *Collected Works*, Lenin 1975). This evaluation is closely connected to what Uno perceives as one of the 'Three Great Economic Laws Governing Capitalism', namely the law of the equalisation of profit rates, which is no longer easily achieved following the centralisation and concentration of capital already occurring, and analysed by him, in Marx's time. As Shaikh explains, 'Hilferding argues that the rising scale and capital intensity of production makes it more difficult for capital to enter and to leave certain sectors, which impedes the mobility of capital needed to bring about equalization of profit rates' to the disavantage of small- and large-scale competitive industries. 'But big capitals have the means to suppress competition and raise their rate of profit through cartels, combines, consortiums, mergers, and vertical integration. These capitals are also most closely linked to big banks that provide them with the credit needed to make large-scale investments, and it is in the interest of these banks to enhance the monopoly power of their clients. In the end, the big banks end up controlling even the monopoly industries they finance, which is why Hilferding calls this the phase of Finance Capital.' Shaikh 2016, p. 353. Hilferding's view is also shared by Baran and Sweezy which Uno, for reasons unknown, largely ignores (see Sweezy 1942 and 1981). Sweezy explicitly refers to finance capitalism as 'a new stage' (Sweezy 1981, p. 60).

16 For an overview of the overarching structure, see Uno 1974 [1962], p. 55 and pp. 60–1.

17 Uno 1974 [1962], p. 58.

the commodity-economy, or, more precisely, that of the capitalist commodity-economy'.[18] At some points, Uno uses 'commodity economy' to indicate the 'mechanism' the capitalist mode of production 'entails',[19] but 'commodity economy' and 'capitalist mode of production' are largely identified, while Uno rarely used the latter. Uno's preference for the term 'commodity economy' over 'capitalism' and 'capitalist relations of production' is indicative of where Uno's interest differs from Marx: while, for Marx, capital is mainly characterised by its contradictory relation to (wage) labour as a social relation, for Uno, the specificity of capital lies in its being a principally commodity-producing society, functioning according to commodity-economic principles.[20] See his opening sentence to the 1964 *Principles*:

> Political economy has developed as a science specifically designed to clarify the various phenomena peculiar to a commodity-economy … political economy studies a capitalist society whose economic functioning is governed by the peculiarly commodity-economic forms.[21]

It is Uno's deep interest in the commodification of labour power as a problem that motivates his preference of 'commodity economy' over 'capitalist relations of production'. Only when 'workers are compelled to sell their labour-power in order to purchase their means of livelihood as commodities', i.e. 'only when this commodity-economic relation thus descends to the core of society, i.e. to the very process of reproduction of its direct producers, is the capitalist mode of production well established'.[22] Accordingly, in 'The Three Great Economic Laws Governing Capitalism', he explains his choice of terminology:

> Because I think that, in reality, the fundamental and general laws (*hōsoku*) that dominate a commodity economy have for the first time been proven

18 Uno 2016 [1971], p. 2.

19 Uno 2016 [1971], p. 2.

20 In some places, Uno argues that the interests of the workers were not necessarily opposed to that of 'capitalist policies': 'Marxism cannot, of course, simply endorse an economic policy that contributes to the development of capitalism; but that does not mean that it should oppose any capitalist policy as automatically incompatible with the interests of the working class. Since the aim of a socialist party is to change society by means of an organised political movement, it should either support or oppose economic policies, depending on their usefulness to its strategic aim.' Uno 2016 [1971], p. 24.

21 Uno 1964, p. 1.

22 Uno 2016 [1971], p. 6. Uno 1974 [1936], p. 17.

> in the commodity exchange relations between capitalists and workers, they become the standard (*kijun*) of commodity exchange …[23]

The class antagonism, for Uno, is more fundamentally embedded in the laws of commodity exchange, so that 'commodity economy' as the *Spezifikum* of the capitalist mode of production becomes the preferred term. We will come back to this soon. To add to terminological specificities, Uno, unlike Marx, rarely speaks of 'the capitalist mode of production'. Instead, he uses 'capitalist society/societies' (*shihonshugi shakai*) or simply, 'capitalism' (*shihonshugi*), a concept Marx has used only a few times in *Capital*.[24] As we learn from the *Methodology*, the three level-method serves a multiple function: to highlight the shortcomings of the inner Japanese 'debate on capitalism' of the 1920s–30s between the JCP's Kōza-ha and the Rōnō-ha,[25] to demonstrate the methodologically deficient character of Hilferding's *Finance Capital* of 1910 and, last but not least, to provide the 'final judgment' on the relation of basis and superstructure in Marx's 'materialist view of history' as exemplified in *The German Ideology* of 1845–6 and the Preface to the *Contribution to the Critique of Political Economy* of 1859. For our purposes, not all of these functions are equally important. To understand the specific problematic of Uno's theory in light of Marx's Critique of Political Economy, the latter function is apparently the most instructive. Needless to say, the 'relation between basis and superstructure' as a substantial topic in Marx's early works and arguably a prerequisite to his turn towards the categorial analysis of political economy as a science from the 1850s, has not lost its methodological relevance in *Capital*.[26] However, as

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23 Uno 1974 [1969], p. 12. In the same passage, Uno does not miss the chance to point to the alleged deficiency of Marx's introduction of the labour theory of value: 'Because Marx proved the law of value – as the general law of the commodity economy – for the first time directly from the consideration of the 'commodity' and from the commodity exchange of two commodities, his labour theory of value could not escape various disputes'.

24 The reduction of the capital-relation to a 'commodity economy' has also been noticed by Kakuta: '[Uno] rejected the law of surplus value, too; for him, the law of value only exists because he reduced capitalist economy to commodity economy'. Kakuta 2009, p. 282.

25 Because for reasons of space, it is impossible to reproduce this now famous debate, further reading is advised. Arguably the best study in a Western language on the Kōza-ha-Rōnō-ha debate is Germaine A. Hoston's *Marxism and The Crisis of Development in Prewar Japan* (Hoston 1986). For French and English language materials on the debate, see also Sugihara 1987, Itoh 1980, C.A. Gayle 2003.

26 The basis-superstructure model is mentioned once in the whole work in a footnote in the chapter on the 'Fetish Character of the Commodity and its Secret' where Marx quotes from the Preface to the *Contribution*: 'My view is that each particular mode of production, and the relations of production corresponding to it at each given moment, in short "the eco-

a critique of capitalist social relations – and not only bourgeois society and its ideology – the critical analysis of political economy's basic categories as the fetish-characteristic forms of value has replaced the mere critique of 'superstructural ideology'. In this sense, the method of *Capital* incorporates historical materialism as a tacit premise on which it builds. The materialism of the Preface to the *Contribution* is thus not *discarded*. But it has been taken over by a more fundamental problem consciousness. In his economy-critical works, starting with the manuscripts of what would later become *Capital* in the mid-1850s, Marx would grow more interested in the social form that labour assumes under the conditions of capitalist mode of production, forms that *themselves constitute* the 'fetishistic' approach, and in which the relation to its social conditions is obfuscated. Here, the fetish-character of value that infects the self-understanding of the capitalist mode of production and its 'interpreters' is *itself* the precise and foremost *expression* of 'the mode of production of material life conditions' to which corresponds a 'definite form of social consciousness'. The conceptual heuristic of 'basis' and 'superstructure' is, in Adorno's word, rendered 'trite' by the complex of fetishism as a structural law.[27] The analysis and critique of the concepts of vulgar and classical political economy – 'cost price', 'wage', 'capital' or 'profit', etc. – that Marx performs in *Capital*, thoroughly outshines the previous framework of historical materialism, as to be found in, e.g., *The German Ideology* (1845–6), as it indicates *a new terrain of critique*. In *The German Ideology*, the critique of the superstructure merely asserts the existence of a *definite relation* between material conditions of production and its corresponding social 'ideological' consciousness – thereby leaving open the question of the *constitution* and the *reproduction* of the economic basis and the central mechanism by which it generates a ideology.[28] Needless to say, when writing the *Grundrisse*, Marx has neither thoroughly developed his monetary

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nomic structure of society", is "the real foundation, on which arises a political and legal superstructure and to which correspond definite forms of social consciousness", and that "the mode of production of material life conditions the general process of social, political and intellectual life" '. Marx 1976, p. 175n. The quote is taken from *A Contribution to the Critique of Political Economy* Marx 1987 [1857–61], p. 263.

27 Adorno et al. 1976, p. 116. Adorno also calls the fetish-character of the commodity the '*proton pseudon*' and a 'structural law'.

28 Other than Sohn-Rethel, who claims that 'the basic law of historical materialism is the law of value' (Sohn-Rethel 1970, p. 27), and 'the law of value becomes the basic law of historical materialism over the epochs of class society' (Sohn-Rethel 1970, p. 28), we hold that the law of value is not only specific to *capitalist* relations of production (and not just 'class society'), but in its critical function surpasses the epistemological limitations of the basis-superstructure model.

labour theory of value nor his theory of surplus value, and it wouldn't be until the second draft of *A Contribution to the Critique of Political Economy* in the late 1850s, which even then was yet an incomplete account.[29] But to say, as Uno does – informed as he is on the content of *Capital* – that the relation between basis and superstructure still forms a vital problem for the method of political economy in *Capital* which can be circumvented by the three level-method, fundamentally disregards and misrepresents the critical potential of the method of *Capital* itself.[30] It is evident also from the structure of the economic manuscripts since the late 1850s that the continuous criticism of the fetish-characteristic forms of value – from the critique of value theories of circulation or 'simple exchange' in the drafts to the *Contribution* to the critique of the 'Trinity Formula' in *The 1864–5 Economic Manuscripts* – constitute the golden thread to Marx's process of inquiry. It is Uno's theoretical disavowal of the fetish problematic that also impels us to question the function of the three-level approach. More fatally however, Uno's approach, if viewed in light of Marx's critique of the basic categories of classical political economy and the fetish-character they generate, fails to address the issue of *critique* in general. Hence, Uno's attempt is exhausted in elucidating the 'norms' and 'laws' of a 'commodity producing' society to give coherence to the mechanism of reproduction, termed by Uno the 'law of value', *as a rightful object of science*. What is at stake therefore, for Uno, is not by which structural failures, gaps and blind spots the conventional categories of bourgeois political economy inform and constitute a *fetishistic view of capitalist reproduction* – a project that delivers a precise *critical* content – but how to formulate both 'norms' and 'laws' which scientifically represent capitalist commodity-economic activity. The epistemological problem of *object constitution*, which informs the Marxian project from its earliest stage is eschewed from Uno's programme. This approach to the 'commodity economy' as given data, and therefore its positivistic implication, is

29 For a good overview of the different stages in the development of Marx's economy-critical writings, see Heinrich 2011.

30 Paul Mattick Jr. already questions the prevalence of the basis-superstructure model in Marx's early critique in the *Contribution*: 'It is worth remembering that they [Marx's remarks on the relation between basis and superstructure in the Preface to the *Contribution*] represent a highly abbreviated residue of (the last part of) Marx's projected introduction to his critique of economic categories when we ask, as is rarely done, what is the significance of their presence at the head of the *Contribution*, beyond their announced purpose of demonstrating that Marx's views "are the outcome of conscientious research carried on over many years" (ibid., 265)'. Mattick Jr. 1997, pp. 70–1. Mattick Jr. quotes from Marx 1987 [1857–61].

further substantiated in Uno's crucial terminological distinction between the 'norms' (*gensoku*) and the 'laws' (*hōsoku*) of the 'economy':

> In political economy, the economy's general norms (*keizai gensoku*) and its specific laws (*keizai hōsoku*) must be clearly distinguished, while of course they are not unrelated. To the contrary: only in the laws specific to a commodity-economy, the general norms of an economy express themselves for the first time. For example, when an economically advantageous machine is adopted [in the production process], this machine itself technically employs natural-scientific laws that reduce human labour power (*ningen no rōryoku*). Its economically advantageous adoption is a general economic norm. However, in a capitalist commodity-economic society, this norm, bound to commodity-economically adapt this machine to its advantage, is restricted by commodity-economic laws. Its adaptation is not decided on the basis of human economic activity as a mere economic norm. Generally, as the norms that assume the basis of any [economic] activity, they rule as laws by force. As the same time that political economy as a science becomes possible at this point, it elucidates capitalism's economic superiority against previous societies. Moreover, it demonstrates the emphatic basis of socialism, which should realise the conscious planning of direct producers as subjects, instead of the realisation of general norms as commodity-economic laws.[31]

While Uno admits the historically specific character of capitalism, he insists on its deeper embeddedness in the formalistic requirements of 'economic life', in the sense of a progressive development towards socialism. 'Capitalism' becomes a necessary stage of human development whose 'laws', at a certain point of its history, simply become the object of the 'study' of 'a historical process in which the purposive and conscious activities of men form a social relation'.[32] Not only does it not occur to Uno that the specificity of capitalist social relations is precisely *not* constituted by 'the purposive and conscious activities of men', but by the 'logically unconscious' (Reichelt) process of naturalisation and reification. The object constitution of capitalist social relations, too, is not 'given' in its categories: these 'givens' are only the beginning of the scientific inquiry that precisely seeks to expose what is inherently 'not given'. More generally, the difference between Uno's scientific interest and approaches invested

31 Uno 1964, pp. 4–5.

32 Uno 1980, p. xxv. Uno 1964, p. 5.

in a reconstruction of Marx's critique must be noted. In his comparative study of Uno and Isaak Illich Rubin, Joe Hyeon-Soo contends:

> In contrast to Uno's conception of political economy as an independent social science and the examination of pure capitalism as a 'self-sustaining scientific system', as well as historical materialism as a merely hypothetical ideology, for Rubin, political economy means a 'theoretical' science subordinated to historical materialism while the latter provides a basis for the critical analysis of social relations in a commodity economy. What interests Marx in the 'Critique of Political Economy' [according to Rubin] is to reveal the social relations that find their fetishised expression in political economy. His intention is therefore not to 'add to' (*bereichern*) the science of economy (*Wirtschaften*). For Marx, the theory of value is not an empirical description of capitalist relations, but the scientific expression of these relations which are comprehended (*begriffen*) by theoretical abstraction.[33]

According to Hyeon-Soo, while Rubin's theoretical interest lies in the *social relations* that constitute capitalist society as an object, undergirding their 'fetishised expression in political economy', Uno seeks to 'purify' political economy as a science, extracting the specific 'economic laws' that give coherence to the 'capitalist commodity economy' as an object of investigation. The crucial term of the 'social form of labour' in specifically capitalist relations of production, denoting the heuristic framework for the de-mystification of the forms that value assumes in this mode of production, remains anathematic in Uno's approach. The question we should follow up on is the *relevance* and *incentive* of the claim to 'purity' for Uno's overall method.

2.1.2 *Purities and Impurities*

At the beginning of the *Methodology*, Uno addresses what he presumes is the specific problem in *Capital*'s method of presentation: the insufficient reflection on the relation and tension between the pure principles and capitalism's developmental history:

> The hypothetical purity of capitalist society was a matter-of-fact (*mochiron no koto*) in Smith and Ricardo, and it was no less so in Marx's own times. For Marx, the development of capitalist society in reality – more

33 Hyeon-Soo 1995, p. 40.

> than in Smith's in Ricardo's era – meant a continuous approximation towards a pure capitalist society which had to be theoretically assumed as a hypothesis. And as something that increasingly approaches purity, it was a justified hypothesis. This is how finally a systematisation of economic theory was possible, even if in actuality, the problem of the relation between theory and history remained the same. What Marx could not predict when he wrote *Capital* was the further development of capitalism, and that we no longer simply approach a pure capitalist society in capitalism's development.[34]

One fundamental point of critique for Uno is hence Marx's alleged hypothesis of gradual approximation towards a 'pure capitalist society', which as a hypothesis could only be justified until the development showed other factors which no longer pertain to the hypothesis of purity. Marx's lacuna to predict particular deviating developments – e.g., the evolution of finance capital in the age of imperialism – renders his theory 'impure', according to Uno. For if the principles of pure theory – or the theory of pure principles – are to be generally valid, one must assume an 'ideal', hyper-abstract object that can justify its 'laws' regardless of any specific historical formation. Uno insists throughout his critical discussion of Marx's method that Marx insufficiently distinguished between the pure and the impure elements of presentation, referring to three crucial instances: the presentation of the 'Working Day', the presentation of 'So-called Primitive Accumulation', and the 'theory of immiseration', all of which we will refer to in the discussion below. Therefore, while Marx by and large managed to establish a system of pure principles, Uno advocates supplementing them by stage theoretical considerations that allow for the 'impure' factors leaving their mark on capitalist sociation in its actual historical and political development. We will come back to this point soon.

Another point of Uno's critique is Marx's alleged insufficient differentiation between the pure and general principles of his analysis on the one hand, and the concrete phenomena of capitalist economy and policy on the other, as they, for instance, occurred in England at the time of Marx's writing. In Uno's view, Marx conflated them, subordinating specific policies and historical restrictions to the 'theory of principles' in *Capital* that did not account for the uneven development taking place in late developing countries such as Japan. As is well known, in the *Preface* to the first edition of *Capital*, Marx contends that nineteenth-century England has been 'the *locus classicus*' of the

34 Uno 1974 [1962], p. 21.

'capitalist mode of production, and the relations of production and forms of intercourse', hence Marx's decision to present it 'as the main illustration of the theoretical developments' he makes.[35] Uno however does not consent to Marx's following remark, namely that England shows the less developed countries only 'the image of their own future'. Since the development of capitalism, e.g. in Germany, but also in Japan, has taken a different path than in England,[36] Marx had underestimated the problem of uneven development and the non-capitalist factors that remained a constant condition in lesser developed societies, even as capitalism has begun to emerge. It therefore requires a stage theory that incorporates and theorises the hampering factors of capitalist development, and the different path to 'primitive accumulation' in these countries. This assessment is a core motivation of his three level-method. To proceed systematically, we shall first consider the motive for the first level, the theory of principles, or pure theory that makes a 'pure capitalist society' its object. *First*, we will see that 'pure capitalism' in Uno oscillates between a *non-historical*, ideal-typological and radically abstract object, in order to comply with its own claims, and a *historical* one most paradigmatically linked to the era of industrial or 'laissez faire' capitalism in the nineteenth century, the time of Marx's writing. This oscillation in our view also vitiates Uno's claim to purity and the ideal-typical standpoint of the principles. Rather than hold this against him,

35 Marx 1976, p. 90.

36 Though Uno often compares Japan to the late-developing Germany, perhaps Japan's comparison to Russia would be more appropriate. Russia's Absolutism and Japan's Tennōism is a case in point, while Germany's 'constitutional monarchy' since 1871 had a different political structure, which also allowed for different economic functions of governmental institutions. In that sense, Trotsky, in his 'Pecularities of Russia's development', points out the role of European capital and Absolutism for the introduction of the particular form of Russian capitalism, both also crucial factors in Japan's capitalist development. As Ashman notes, 'European finance plays a central role in Russia's development in two ways. First, in loans made to the state, which then lead European financiers, whilst supporting bourgeois democracy in Europe, to support Absolutism's survival as it is the only force in Russia, which can guarantee their rate of interest. Second, European capital, in the form of large shareholding companies, provides funding for industry, attracted by Russia's natural resources and its hitherto unorganized labour power. Heavy industry (metal, coal, oil) especially "was almost wholly under the control of foreign finance capital, which had created for itself an auxiliary and intermediate system of banks in Russia". (Trotsky, History of the Russian Revolution, vol. 1, ch. 1)'. Ashman 2012, p. 63. Peter the Great's modernisation of Russia (military, the forging of an Absolutist state, the establishment of a handicraft industry largely confined to rural areas) bears significant similarities with Japan's Meiji-era Tennōism and the emphasis of handicraft production tied to agriculture, as against the division between town and country characteristic for eighteenth and nineteenth century Europe.

however, we will, *second*, follow up with a discussion of the *rationale* for the 'limits to the dialectical presentation' in *Capital*, and the arguments for Marx's deliberately 'impure' employment of empirical and historical illustrations, e.g. in the presentation of 'The Working Day' (Chapter 10 of *Capital* Volume 1) and 'So-called Primitive Accumulation' (Part Eight of *Capital* Volume 1). Contrary to Uno's beliefs, these serve a *specific informational content* as to the epistemological status of the law of value. Here we will be able to detect a first radical break of Uno's method with Marx's mode of presentation: while the hypostasation of 'pure capitalism' requires a theory of principles that does not comply with any specific historical formation, but assumes the capitalist productive system as a hyper-abstract 'ideal' without any correspondent in reality, Marx to the contrary presents the modus operandi of the capitalist exploitative and appropriative cycle *as it happens in its concrete actuality*, with the incentive of precisely illustrating the *impact* of an abstract 'law' – the law of value – i.e., its actual *implementation*, into a specific social formation. This, as one may suggest, is also the incentive behind the presentation of the violent process of 'primitive' (or 'original') accumulation, the historical birth of capitalism in the separation of the direct producers from the means of production in fifteenth-century England. Not only will we, against Uno, who excludes this presentation from the 'principles' of 'pure capitalism' as an 'impure' element, insist on its *strategic locus* within Marx's work at the end of the first volume of *Capital*, but we will show, *third*, why Uno's alternative framework, the beginning of *commodity exchange* between communities as the 'point zero' of capitalist accumulation, fails to address what is the *linchpin* of valorisation and the means by which the relation between capital and wage labour, and not that between different 'traders', becomes the *defining* relation of the capitalist mode of production. Uno's preference for 'modes of exchange' over 'modes of production'[37] for the presentation of the forms of capital also begs the claim to 'purity' as the heuristic framework for the theory of principles: by what criteria should commodity exchange signify a 'pure' approach to the formation of capitalism? *Fourth*, and more significantly, by what criteria do the theory of principles, the theory of developmental stages of capital accumulation, and the 'conjunctural analysis' (Walker) of the present – in a word, the three level-method – form a structurally complete whole? In the following four sections, we will address these topics separately.

37 As will be later re-applied as the interpretative framework for *The Structure of World History* (2014) by Uno's student Karatani Kōjin. For a critique of this work, see Lange 2015.

2.1.3 *The Paradox of Pure Capitalism Both as Historical and Non-historical Entity*

Uno's theory of principles (*genriron*) that takes the economic laws of a hypothetical 'pure capitalist society' as its object – and hence itself must be qualified as 'pure' – forms the structural basis of the method of political economy. Interestingly, Uno explains his motive for establishing the hypothesis of 'pure capitalism' with reference to an aside in Chapter 10 *Capital* Volume III in which Marx discusses 'The Equalisation of the General Rate of Profit through Competition', a passage where the concept of competition is prepared as an analytical tool for explaining the equalisation of profit rates in the 'real economy'.[38] Ironically therefore, Uno orients himself toward a passage in which Marx has already *departed* from the abstract and general presentation of the 'essential' form determinations of capital that constitute the object of Volumes I and II and the first part of Volume III of *Capital* (including Chapter 7), as the critique of the conventional categories of (commodity) value, money, capital, wage, production price and profit. Beginning with 'The Transformation of Profit into Average Profit' (Part Two of *Capital* Volume III or Chapters 8–12), Marx's text no longer takes the 'hidden abode' of the theoretical production of the categories underlying capitalist accumulation as his object, but the superficial self-presentations of capital itself, or the study of the '*apparent movement of capital*, in which interest capital, etc., and credit etc. will be examined in more detail'.[39] These are designated in categories such as average profit, market (production) price, commercial profit, and the various forms of interest.[40] However,

38 We will discuss Chapter 10 of *Capital* Volume III in further detail in the context of the value-price transformation in Chapter 4.3. It is needless also to point out that 'competition' as a heuristic tool for the explanation of the emergence of a general rate of profit has been problematised by Marx previously as early as in the *Grundrisse*: 'Competition executes the inner laws of capital; makes them into compulsory laws towards the individual capital, but it does not invent them. It realizes them. To try to explain them simply as results of competition therefore means to concede that one does not understand them.' Marx 1973, p. 752. For the fetishism of competition in Ricardo and Ramsay, see also 'Competition generally, this essential locomotive force of the bourgeois economy, does not establish its laws, but is rather their executor. Unlimited competition is therefore not the presupposition for the truth of the economic laws, but rather the consequence – the form of appearance in which their necessity realizes itself'. Marx 1973, p. 552.

39 Marx 2015 [1864–5], p. 360. Original emphasis.

40 One may argue that 'The Law of the Tendential Fall in the Rate of Profit' in Part Three of Volume III belongs neither to the 'essential' nor the 'superficial' or 'self-presentational' categorical objects, but forms a category unto itself. This is true insofar as it is both non-empirical, as well as the result of a specific analysis, i.e. a 'law'. But the systematic locus of the 'Law' has been questioned. For Heinrich, e.g., it is only a 'large mass of remarks,

Uno is right to identify this passage as the only one in *Capital* in which Marx suggests capital's historical approximation towards 'purity':

> In theory, we assume that the laws of the capitalist mode of production develop in their pure form. In reality, this is only an approximation; but the approximation is all the more exact, the more the capitalist mode of production is developed and the less it is adulterated by survivals of earlier economic relations with which it is amalgamated.[41]

Other than Marx however, who does not further elaborate on this point, Uno draws an almost authoritative significance from this claim. It is adopted by Uno for his own view of capital's historical formation in the course of its development towards an increasing level of 'purity'. This movement towards purity – i.e. capital's development towards a state in which the 'law of value' operates increasingly 'unhampered' by extra-economic forces, such as an e.g. mercantilist policy – also marks the point of the emergence of political economy as a science. For Uno, it is not a coincidence that classical political economy has only been able to establish itself from the second half of the eighteenth century. The development of productive forces during the lifetime (and time of writing) of classical economists William Petty (1623–87), Adam Smith (1723–90) and David Ricardo (1772–1823) led to an increasing 'purity' of capitalist production, progressively unrestrained by mercantilist policies, so that capitalism in and of itself could eliminate the 'remnants' of previous social modes of production. Accordingly, the continuous approximation towards capitalist society's 'purity' was the condition of possibility for the 'systematisation of political economy' that was able to conceptualise the paradigms of its own economic reality.

> [To eliminate all the mixtures and impurities of the capitalist mode of production emerging from the remnants of previous economic conditions] is what the developmental process of capitalist society shows. For the development of theoretical economy as a science, this was of uttermost importance. It forms the historical foundations of the development

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additions, and argumentative approaches, in unelaborated and incomplete form'. Heinrich 1996–7, p. 459. Engels's heavy intervention therefore made it look more coherent than it was. It is difficult to maintain however that Marx was incoherent in the presentation of Volume III as the 'surface' of capitalist self-presentation, when the 'Law' had also been accepted by bourgeois economists, e.g. Ricardo – however differently it was explained. We will return to the significance of the law in Chapter 4.4.

41 Marx 1981, 275.

> of economic theory as a science, represented in Petty, Smith and Ricardo. Commodity economy, as capitalistic commodity economy (*shōhinkateki shōhin keizai*), by showing the gradual approximation towards a pure capitalist society which is an absolutely necessary hypothesis in theoretical research, clarifies in this point the specific character of the method of political economy and the special emphasis we must put on it.[42]

Uno views Marx as an 'heir' to Smith and Ricardo who has 'further elaborated the progress of classical political economy as the systematisation of their theoretical insights'. However, he sees a distinction, albeit a mild one: 'But where the classics understand capitalism itself as an ultimate society, Marx sees it as a historical process and critically absorbs classical political economy itself'.[43] One feature that justifies the hypothesis of 'pure' capitalism is that the 'tendency for purification in the developmental stages (*hasseiki*) of capitalism is given an objective basis in which commodity economy is developed as a logic which completely dominates society'.[44] The commodity form of capitalist society is therefore its distinctive feature which justifies its being 'pure'. Moreover, without the hypothesis of purity demarcated by the logic of commodity economy, we would not be able to explain the principles of capitalist society at all, according to Uno, even if *in reality*, the pure commodity economic logic does not occur:

> … for us who know the era of finance capital, as it was for Marx, the development of capitalism cannot be taken as a historical process that increasingly approximates towards a pure capitalist society. The principles of a historical process-forming society must be clarified. This society emerges at a certain epoch, and at another epoch yet again, its purification is obstructed. In other words, it is definitely not realised in reality (*genjitsuteki ni ha kesshite jitsugen shienai*), and it cannot be more than just an ever-increasing approximation, but if we don't make pure capitalist society a theoretically necessary hypothesis, we cannot explain the principles of capitalist society.[45]

But if it is not realised in reality, what do we take as the model we can abstract from? For Uno, the era of industrial capitalism marks the model, and yet, as

42 Uno 1974 [1962], p. 20.
43 Uno 1974 [1962], p. 35.
44 Uno 1974 [1962], p. 28.
45 Uno 1974 [1962], p. 27.

we will see, and against which his principal objection against Marx's method in *Capital* is directed, it *does not*. On the one hand, Uno emphasises the character of pure theory as 'nothing but the elimination of factors which hamper the development of the principles', but on the other hand, he includes non-commodity economic and 'impure phenomena' which are part of a particular country's capitalist economy in a particular time.[46] That is because the performance of abstraction should not be carried out 'mechanistically'.[47] The model for pure theory should therefore not abstract 'away' the perturbing factors, even in industrial capitalism, which 'is the closest to the theory of principles of pure capitalism'.[48] Marx however 'exaggerates' the meaning of industrial capitalism, because if the principles should be universally valid as principles that explain all forms of commodity-economy, regardless of historical epoch and region, we cannot assume industrial capitalism, least of all the way it developed in mid-nineteenth century, post-industrial revolution England, will serve as the theoretical model.

If, according to Uno, the principles of political economy become the principles of industrial capital as one of the developmental periods of capitalism, and the era of industrial capitalism becomes hypothesised as the object of the principles, the fact of the closest approximation to a pure capitalist society will be exaggerated, and the meaning of the principles misunderstood.[49]

In other words, pure theory does not coincide with the era of industrial capitalism. At the same time, however, industrial capitalism 'enables' the purification of theory as an abstraction:

> The demonstration of the conditions (*jōtai*) which have increasingly approximated a pure capitalist society that makes the theory of principles its hyposthesis presents nothing but the elimination of factors which hamper the development of the principles … This is the purification process (*junka no katei*) as the formation of a uniform, commodity-economic society. There can therefore be no doubt that for the first time, a systematic development has been enabled by the so-called era of industrial capital of eighteenth- and nineteenth-century England.

The model-like character of industrial capital, serving as the 'blueprint' for the commodity-economic principles, may be close to a pure capitalist society, but it

46 Uno 1974 [1962], p. 41.
47 Uno 1974 [1962], p. 41.
48 Uno 1974 [1962], p. 51.
49 Uno 1974 [1962], p. 33.

also contains various 'phenomena' that cannot be simply idealistically abstracted from:

> However, this is not simply an abstraction from the various phenomena of this era. These are recognised within the processual development of the capitalist commodity economy since the 17th century, and they are abstracted as the tendency of commodity-economic purification. Assuming the various commodity-economic phenomena of the era of so-called industrial capital, the principles are not arrived at in such a way as to hold on to the elimination of perturbing factors or to the so-called 'average'. In the era of industrial capital, the so-called 'ideal average' of the various phenomena, by its tendency of commodity-economic purification, discloses the principles, generally speaking, in their details as well as their general outline. But when it comes to the era of financial capital, the tendency to developmental purification is repeatedly obstructed.[50]

Uno nowhere convincingly argues by which criteria industrial capital should indicate an (approximate) level of 'purity'. As a historical society, it should mark the most appropriate model, but why and how the commodity-economic principles should best conform to industrial capital, we do not hear. Since Uno surely does not negate the historical 'impurities' of this era – phases of class struggles, the formation of workers' organisations and unions in the mid-nineteenth century – one wonders why this era should most accurately describe a model in which 'capitalists have it their way'. Furthermore, if the *genriron* do not simply 'eliminate the perturbing factors', what is their function? How do we even discriminate the 'pure' from the 'perturbing' factors? Accordingly, the theory of principles is suspended in mid-air. On the one hand, they indicate a general abstraction from any particular commodity-economy social formation. On the other hand, it is the era of industrial capitalism, of all possible periods, which marks the most distinctive level, without providing a convincing argument for either this decision, or the criteria or standard that define its relative 'purity' as against other periods. Not only is a solution to that paradox missing; so too are the very *criteria* for 'purity'[51] – and this is a funda-

50 Uno 1974 [1962], pp. 40–1.

51 Among other theoretical gaps in the 'pure' principles, i.e. the missing explanation of the contradiction of the relations with the forces of production, and the non-existing reference to the capitalist mode of production as a system of the appropriation of unpaid human labour, Mita Sekisuke (1906–75) has criticised the non-explanation of the standard for 'purity' of the principles. The work dealing most critically with Uno's method and

mental problem we can detect also in the 'stages theory' of the Anglophone Uno School (see Chapter 5.2.). More important for Uno's theoretical formation however is the critique of Marx. According to Uno, Marx was wrong to assume that 'capitalism in its development would gradually approach a theoretically supposed increasingly pure capitalist society' that 'would be given as the objective basis of economic research'.[52] But Uno does at no point argue whether Marx has ever made claims to any 'pure' understanding of capitalism in its industrial phase or whether Marx had ever claimed 'pure' theory as bearing a specific *Erkenntnisinteresse* on his theory at all. To complicate matters further, in the 1970 Introduction to *The Types of Economic Policies Under Capitalism* [1936], Uno argues that 'the idea of a purely capitalist society … is an objective reality'.[53] There seems to lurk a pervasive indecisiveness as to the epistemological status of the object of his theory, whether as a tentative approximation, or 'ideal-type' model[54] of a particular historical society, or an actually existing 'logic' manifesting itself in the 'objective reality' workings of capitalist society itself. The ambiguity is further extended to sentences such as that from the same Introduction: '… the conceptual framework of economic theory is fundamentally determined by the purely capitalist society towards which the actual process of development of capitalism pointed …',[55] thereby suggesting that the theory of principles does not merely hypostasise economic laws without empirical equivalent, but addresses the actual workings of a capitalist economy. However, the ambiguity is remarkable for someone so interested in questions of economic method. In the following, we shall investigate Uno's accusation that Marx had 'insufficiently' separated the 'pure' presentation from specific empirical and historical instances occurring in Marx's time and in the specific locus of England. We shall take a closer look at Marx's radically different approach to the capitalist mode of production as an object of cognition in which not their 'purity', but their semantic 'impurity' with regard to the informational content they obscure, becomes the standard of analysis. By deliberately transcending the 'pure' presentation of the capitalist mode of production into the realm of the 'real', Marx also indicates a new terrain of the inquiry: from the theoretical to the practical.

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theory of value in the 1960s and 1970s is arguably *Uno Theory and Marxist Political Economy* (*Uno riron to Marukusushugi keizaigaku*) (1968). See Mita 1968.

52 Uno 1974 [1962], p. 37.

53 Uno 2016 [1971], p. 30.

54 While Uno rejects the idea that this is the case for 'pure theory', he accepts a Weberian framework for the stages-theory. See Uno 2016 [1971], p. 31.

55 Uno 2016 [1971]. p. 31.

2.1.4 *The 'Limit to the Dialectical Presentation': The Irruption of the Real*

In a letter to Ferdinand Lassalle in early 1858, Marx famously declared that '[the] work I am presently concerned with is a *Critique of Economic Categories* or, *if you like*, a critical exposé of the system of the bourgeois economy. It is at once an exposé and, by the same token, a critique of the system'.[56] What does 'by the same token' (*zugleich*) mean here? To answer this, we should refer to the correspondences, but also the crucial differences between Marx's and Hegel's method of presentation. First, we shall preliminarily draw on the Hegelian presumptions according to which Marx, like Hegel in his critique of metaphysics, saw the unfolding of the system as the critique of approaches that apply a particular method onto an 'external object'. Next, we will investigate the 'limit to the dialectical presentation' that separates Marx's method from Hegel's – with grave political consequences, as we will see. As Michael Theunissen points out in his seminal *Sein und Schein – Zur kritischen Funktion der Hegelschen Logik* (1980), Hegel, like Marx after him, proposed that the Logic is, 'according to the methodological idea that constitutes it, the unity of critique and presentation of metaphysics'.[57] Michael Heinrich stresses in this context that the legacy of Hegel should not be so much sought for in the 'adoption' of a vague concept of 'dialectic' into Marx's method in *Capital*, but rather in a particular 'level of problem setting' (*Stand der Problemstellung*)[58] that can be found both in Hegel and in Marx. This particular *Problemstellung*, as I will argue, consists not only in the ascending method of retrieving the 'inner cord' that gives coherence to the capitalist mode of production as an object of thought, while it acknowledges its basic contradiction, but necessarily *presupposes* that the reconstruction of the system must permeate the forms of appearance of its categories, e.g. money, toward their essence – and only a fundamentally critical method can perform such a task. What, then, is the systematic function of conceptual critique for both Marx and Hegel? Generally, it consists not so much in the demonstration of particular 'contradictions' in the basic concepts that characterise the capitalist mode of production in general, the observation of which automatically leads to their solution in a 'higher' concept[59] – e.g. the contradiction of use value and value that 'necessitates' money – but rather in that the *critique* of the categories

56 Marx 1983, p. 268. English phrase in the original.

57 Theunissen 1980, p. 16.

58 Heinrich 1999, p. 170.

59 This trivialising understanding of an 'applied dialectic' in Marx's method can be found almost without exception in all Anglophone interpretations that thematise the relation between Marx and Hegel, predominantly however in Sekine and Albritton, to which we will come in Chapter 5.2.

of classical political economy is *not externally* applied: it must result from the conceptual-dialectical *presentation* of these categories *itself*. In other words, the critique of the categories of bourgeois economics *cannot be separated* from the critique of the capitalist mode of production itself.[60] Hence, what is valuable in this estimation for the critique of categories is *not* that e.g. money is the 'solution to a contradiction', but that the money form to the contrary *presents* the 'fundamental contradiction' in the capitalist mode of production, a contradiction that is necessarily obfuscated or 'extinguished':

> It is not at all apparent on its face that its character of being money is merely the result of social processes; it *is* money. This is all the more difficult since its immediate use value for the living individual stands in no relation whatever to this role, and because, in general, the memory of use value, as distinct from exchange value, has become entirely extinguished in this incarnation of pure exchange value. Thus the fundamental contradiction contained in exchange value, and in the social mode of production corresponding to it, here emerges in all its purity.[61]

By virtue of bringing the fundamental contradiction of the social mode of production dominated by (exchange) value to the fore 'in all its purity', the derivation of the concept of money from the 'fetishistic semblance' of simple exchange itself becomes paradigmatic for disclosing the relation between this social mode of production's essence and appearance. In this sense, it makes for a conceptually strong and 'instructive' beginning of Marx's analytical enterprise, 'ordering' the intent and character of the succeeding presentation of the value forms. In the constellation of simple commodity exchange and money, the problem of e.g. how value 'necessitates' a type of commodity 'existing outside and alongside it', money, receives a new dimension, performed by Marx in his analysis of the value form: money is disclosed as the mystification of value, while value relates to a category that originally *appeared* to bear no relation to it at all, namely (abstract) labour. The fetishistic semblance of 'simple exchange' disappears. The real beginning of *Capital* therefore assumes fully fledged capitalist relations of production, relations that form the basis to the appearance of free and individual 'commodity owners' as a theoretical subject in the first place, as the 'premiss' to its critical deconstruction. In Marx's words:

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60 'The critique of the *bourgeois categories* is no abstract scientific business, but inseparable from the *presentation of the relations of production*'. Heinrich 2005, p. 74. Original emphasis.

61 Marx 1973, pp. 239–40.

> An analysis of the specific form of the division of labour, the conditions of production on which it is based, and the economic relationships of the members of the society to which these conditions of production are reduced, would show that the whole system of bourgeois production is the premiss for exchange value appearing on its surface as a mere point of departure, and the process of exchange, as it unfolds in the simple circulation, as a *social exchange of matter*, simple but *encompassing both the whole of production and the whole of consumption*. It would transpire, therefore, that already other, more complicated relations of production, more or less conflicting with the liberty and independence of individuals, their economic relationships, are the premiss that, as free *private producers in simple relations of purchase and sale*, they should confront each other in the process of circulation and should figure as its independent subjects. *But from the standpoint of the simple circulation, these relationships are obliterated*.[62]

That the first chapter could only be a positing (*Setzung*) of presuppositions – albeit presuppositions that supplement each other – as a structural necessity makes its understanding so difficult. However this structural necessity of presuppositions is not a *defect* of Marx's method, as most traditional and recent criticisms of the labour theory of value assume, including Uno, but a *merit*, since it delivers 'a particular grounding nexus (*Begründungszusammenhang*)' that shows how the 'succession of categories, the "transition" from one category to the next, is not a result of didactics, but has in itself a *specific informative content*'.[63] Marx moves from complex units to simple ones – from the commodity via money to capital – to show how their presuppositions are not only *contained in them*, but their specific presupposed content is also *denied*: their appearance is taken for their essence (see e.g. Ricardo's identification of sur-

62 Marx 1987 (MECW 29), p. 466. Original emphasis.

63 Heinrich 1999, p. 173. Emphasis added. While it must be noted that 'transition' (*Übergang*), at the level of the Hegelian dialectic, only accounts for the Logic of Being, the theoretical claim of Marx's project is much rather embedded in The Logic of Essence that holds the category of *reflection* as the mode of categorial development. This is where the concept of *contradiction* finds its theoretical locus of discussion. What is significant is its relation to *totality* that indicates both Hegel's and Marx's methodological sophistication: 'To naive everyday thought, respectively to the philosophers before Hegel, the different and antagonistic determinations and their presupposed objects seem to exist as independent, existing in-themselves, as though the determinations themselves were merely determined by their [immediate] content, and not by the total structure (*Gesamtstruktur*) of their objective reflection'. Brentel 1989, p. 334.

plus value and profit[64] or Bailey's identification of value with its form).[65] Marx paradigmatically demonstrates this in his theoretical unfolding of the concept of surplus value in the production process *via ex negationis* of value theories of exchange or circulation. 'Buy cheap and sell dear' – theories of surplus value suppose money as a means of exchange. At this stage, however, it remains only an assertion. Only after we have analysed money as a means of exchange (in Chapter 5), can we see *why* money in capitalist relations essentially differs from the 'obvious' (apparent) view: it secures the formal dominance of capital over labour. But this remains only a assertion until we have seen the *complete* process, in which capital assumes *dominance* over labour as a social relation. In this sense, the 'impurity', or rather, the *inaccuracy* of the concepts becomes a structural *necessity*, not to move to increasingly 'purer' ones, but to follow the movement of thought (*Bewegung der Gedanken*) from misconceptions at the level of appearance to a growing comprehension at their essence. This is also why the 'impure' concepts are not simply invalid: in and by themselves they deliver *the key* to their 'real' understanding – but only in correlation with other, more developed categories. This is why the commodity and money, self-explaining as they may seem, are only disclosed in *correlation* with the substance of their value, abstract human labour. With this in mind, it is a matter of course that '[*w*]*ith the exception on the section on the form of value* … this volume cannot stand accused on the score of difficulty'.[66] But the 'labour of the concept' – the movement which value assumes in its various fetishistic expressions – is what has to be tackled if we want to understand the *complete mechanism* by which the capitalist mode of production generates not only itself, but the way it *conceals* its relation to value as its objective structuring nexus – and that can only be grasped by the *totality of the exposition*. In this way, *Capital* presents a 'conceptual developmental relation' (*begriffliches Entwicklungsverhältnis*),[67] but one that in its procession toward completion retroactively constitutes the former, the previously insufficiently determined concepts. Here, the opposition of essence as against appearance in our view still proves useful for a heuristic approach to the categories 'as they appear on the surface', even though, as Heinrich has emphasised, Marx does not hypothesise any 'philosophy of essence' (*Wesensphilosophie*): 'What it meant by essence (*Wesen*) are not *normative* standards (*Vorstellungen*) which oppose empirical reality, but *non-empirical conceptual formations* which make the comprehen-

64 Marx 1973, p. 753.
65 See Marx 1976, p. 141, footnote.
66 Marx 1976, p. 90. Emphasis added.
67 Heinrich 1999, p. 175.

sion of the empirically given (*des empirisch Erscheinenden*) possible in the first place'.[68] Uno's adherence to the empirically 'given', that is likewise the result of an abstractive performance, should precisely present the *object of critique*, not an absolutised reservoir for constructing an ideal-type presentation of 'pure capitalism'. Needless to say, however, Marx's object of critique, the capitalist mode of production and the fetishised forms of value on which it is based, does not coincide with Hegel's object, the forms of thought themselves. Moreover, this is the precise sense in which Marx's categories cannot, and *are not supposed to* correspond to the standard of purity that Uno demands for the sake of 'scientificity'. The 'limits to the dialectical presentation' are taken very seriously by Marx, as we will see soon. To introduce this crucial point at which Marx's project methodically *differs* from Hegel's, we shall briefly refer to Marx's conceptual differentiation between the conditions (*Bedingungen*) and the presuppositions (*Voraussetzungen*) for scientific presentation. In a much overlooked passage in the *Grundrisse*, where he discusses the 'Original Accumulation of Capital', Marx argues for the differentiation between the *conditions* of a certain fact which are logical or given qua the requirements of that fact itself and the *presuppositions* of that fact which are always historical:

> While e.g. the flight of serfs to the cities is one of the historic conditions and presuppositions of urbanism, it is not a condition, not a moment of the reality of developed cities, but belongs rather to their past presuppositions, to the presuppositions of their becoming *which are suspended in their being* … Therefore, the conditions which preceded the creation of surplus capital I, or which express the becoming of capital, do not fall into the sphere of that mode of production for which capital serves as the presupposition; the historic preludes of its becoming, they lie behind it, just as the processes by means of which the earth made the transition from a liquid sea of fire and vapour to its present form now lie beyond its life as finished earth.[69]

That does not mean that the historical has a subaltern position in the exposition of the facts. Quite to the contrary: '… our method indicates the points where historical investigation must enter in, or where bourgeois economy as a merely historical form of the production process points beyond itself to earlier historical modes of production'.[70] Hence the necessity to incorporate the pro-

68 Heinrich 1999, p. 175. Original emphasis.
69 Marx 1973, pp. 459–60.
70 Marx 1973, p. 460.

cess of 'So-called Primitive Accumulation' in the main text of *Capital*. Simultaneously, the presentation of the historical process that led to the generation of the free wage worker 'in the double sense' – the expropriation of the direct producers from the means of production in fifteenth- and sixteenth-century England – cannot occur in a strict categorial and deductive, 'dialectical' manner: 'His (the free labourer's) existence', Marx writes in the *Urtext*, 'is the result of a protracted historical process in the economic formation of society. It shows at this point decisively how the dialectical form of presentation is correct only when it knows its own limits'.[71] Therefore, while the historical narrative is an essential ingredient for the total grasp of the object in question, it has no critical relevance *in separation from* the categorial analysis preceding it. It is thus the latter that gives the former its *specific significance* for analysing the historical emergence of the capital relation at all. For example, only when the reproduction process of capital is explicated to *necessarily depend* on the quantitative difference between the use value and value of labour power and *not*, e.g., *on the employment of specific machines*, can the *adequate historical sequence be presented* which indicates the 'beginning' of the 'original sin', namely the separation of the direct producers from their means of production in the violent process of accumulation (in the form of the Enclosures Act, the Blood Legislation, etc.) – and *not*, e.g., the introduction of the steam engine in industrial production in the 1740s. With regard to the methodological setting of 'So-called Primitive Accumulation' at the end of *Capital 1* therefore, the historical in its presentation strategically *requires* the previous analytical content of the object of research – in this case, the capital relation as the dominance of capital over labour – as a prerequisite *for determining the central historical process* which has led to the capital relation in the first place.[72]

> Only on the basis of the analysis of the capitalist mode of production it becomes therefore clear that the separation of direct producers from their means of production (and not, as could be assumed, the hoarding

71 Marx 1953 [1857–8], p. 945. Our translation.

72 This also conforms to Reichelt's view that 'Marx relates to the process of original accumulation, by which the free labouring force is produced in the first place, while the systematic treatment of this process is determined by the immanent logic (*immanente Logizität*) of the categorial presentation. In order to specifically set this "actual history of the relations of production" apart from the categorial presentation, we must not only be clear about the structure of the categorial architecture, into which this "actual history" extends at particular junctions, but the exact conceptual grasp of this "history of the relations of production" can only proceed on the basis of the knowledge of the inner logic of the movement of value. The concept of capital is therefore presupposed in order to reconstruct the his-

> of money treasures in the hands of few [or the introduction of specific means of production, ELL]) is the central historical precondition for the capitalist mode of production … only after the analysis of the basic structure of the capital relation, it becomes clear *which* historical processes have to be presented when the generation of the capital relation is thematic.[73]

Determining the *expropriation process* of the peasants as the *crucial historical factor* that brought about the central condition for the capital relation therefore requires the previous categorial analysis Marx presents us with in the chapters that precede 'So-called Primitive Accumulation'. The previous conceptual analysis is the prerequisite for *organising* the empirical material we are confronted with. Were this not the case, the material would present us with indeed a 'palimpsest' of manifold information, which cannot simultaneously deliver the means by which to evaluate it. As Heinrich observes, historical or 'empirical' presentations of the material belong to the object of research precisely only if a further conceptual deduction is impossible. It is true that Marx's presentation of, e.g., the 'The Working Day' (Chapter 10 of *Capital* Volume 1) and its limits can only be understood on the basis of historical and factual evidence. Yet again, this presentation is preceded by a *conceptual analysis*, namely the insight that the demand of the capitalist and the demand of the wage labourer are 'equal rights': the first has the right to consume the full use value of the labour power commodity, the latter has the right to demand a higher price for the one commodity he has to offer.

Here we can detect another, altogether different, but no less crucial function of Marx's method in *Capital*, namely the 'translation' of the failure of 'sublating' conceptual contradictions within the terrain of speculation, and its *overcoming* in the practical realm. By insisting on the limits of the dialectical presentation, Marx's method, we contend, in and out of itself generates the practical and political terrain that political economy shuns to address: the openness and 'decisive indecisiveness' of class struggle. In this sense, Nikolaos Tzanakis Papadakis suggests that

> Marx uses the dialectic of the basic economic categories, i.e. their necessary and inner contrariness, in order to *translate* the political-economic

torical genesis that led to capitalism, and therefore to the specific relations on the basis of which the formulation of this concept [of capital, ELL] is possible at all'. Reichelt 2001 [1970], p. 147.

73 Heinrich 1999, p. 178.

> discourse with exact conceptual necessity … into a different one. This performance of translation … takes its vantage point from the failure of the processing of contradictions of the economic categories.[74]

What could this mean – and what political relevance does it indicate? It is clear from the lengthy elaborations on the conditions of the working class, including the frequent reference to empirical sources, factory inspectors' reports, etc. that Marx, in the chapter on 'The Working Day', parts from the presentation of conceptual development and supplements it by an illustration of the actual, the 'violent' history that accompanies the determination of the length of the working day. Because, in theory, both the capitalist and the labourer insist on their respective rights – the one to consume the full use-value of the commodity he purchased on the market, the other to receive the equivalent for the value she produces – Marx contends: 'Between equal rights, force decides'.[75] Here is where the real irrupts as the transformation from the theoretical presentation of the categories towards its practical content: not reflection will undermine the capital relation, only the insistence of the right of the worker to demand the full equivalent of her labour power, i.e. class struggle. By transcending the terrain of theory, Marx deliberately leaves the 'sublation' of the contradiction between capital and wage labour open, breaking down the false comfort of dialectical speculation. 'The contingent elements, which Marx necessarily integrates into his immanent presentation by means of their rupture, therefore refer to systematic places of indeterminacy and contingency, situations of historical openness, in which it is freshly decided how and if the society of capital will continue to exist'.[76] This is Marx's call to arms – a crucial motive directly informing his presentation that is completely evaded and even rejected by Uno. It is precisely the indeterminateness of the value of labour power and the indefiniteness of the implementation of the working day that motivates Marx to 'digress' to historical and empirical material, indicating the moment in which theoretical deduction hits its limits, in which history *has to be made*. Papadakis is therefore right to say that the 'excursus' on the working day is wrongly termed an 'illustration',

> [because] illustrations in the strict sense 'visualise' a fixed and conceptually determinate fact. But if Marx's historiography really 'illustrates' something at this point, it is the indeterminateness, which evolves from a

74 Papadakis 2017, p. 50.
75 Marx 1976, p. 344.
76 Papadakis 2017, p. 51.

> contradiction that can no longer process merely in the realm of thought, a contradiction that – precisely because it can no longer process – can no longer be thought. At this point, the active class struggle occurs as something contingent and singular, which is why it cannot be thought of in the framework of purely economic discourse.[77]

This method *in its critical claim* towards the practical dimension completely surpasses Uno's fixation on 'purity' and 'principles' that systematically eschews the political by virtue of its positivist framework. We will return to its problematisation in Chapter 5.3.

To acknowledge 'the limits to the dialectical presentation' however does not mean a conflation of the levels, since the limits themselves owe to the conceptual determinations that organise the empirical material. This correlation between the logical-systematical and the historical has nothing to do with a 'constant mixing' of conceptual deduction and empirical material or 'incommensurate temporalities', as, e.g., Harry Harootunian suggests: 'The tension [between 'capital's abstract categories' and 'the materiality of contemporary history' as presented e.g. in the chapter of The Working Day in *Capital* Volume I] shows that the structure of capitalism is not reducible to a 'categorial beginning' but instead constitutes a constant mixing of the historical material and the conceptual expositions from the start, which points to incommensurate temporalities'.[78] The ignorance of the critical function related to the presentation of the material in this manner is astonishing: the *historical itself* marks the translation from the speculative to the realm of openness, to where the purely economic discourse is transferred to the level of human collective, and by necessity contingent, action. However, with regard to Marx's deliberate abandonment of the categorial presentation, there is a third 'irruption of the real' that delivers a critical informational content to the presentation of the categories: the 'Transformation of Money into Capital'. In order to adequately differentiate the concept of capital from that of the commodity and money, the presentation of 'self-valorising value' in the formula M-C-M' is not only not enough, its insufficiency bears the *symptom of the mode of presentation of conventional political economy* itself. By deliberately 'running up the score' of the tautological form of valorisation – hence M-C-M' is only a *formula*, i.e. without content – Marx indicates that the actual process of valorisation requires the disclosure of that which is *not strictly confined to conceptual reflection*. In order

77 Papadakis 2017, p. 54.
78 Harootunian 2015, p. 32.

for 'Moneybags' to be able to purchase his fantastic, and very *useful*, source of value, a complex set of historical productive relations must be presupposed. However, that the presentation of this presupposition only occurs at the end of the conceptual presentation is, as we have seen, owed to the necessity for the explanation which precisely determines the subsumption of labour under capital as the *specificity of the historical formation* that manifests as capitalist relations of production – and not, as we have seen, the employment of the steam engine or the hoarding of riches in the hands of the few. With regard to the methodological setting of 'So-called Primitive Accumulation' at the end of *Capital* Volume I, therefore, the historical *in its presentation* strategically *requires* the previous analytical content of the object of research – in this case, the capital relation as the dominance of capital over labour – as a prerequisite *for determining the central historical process* which has led to the capital relation. Brentel concludes:

> The relation between the 'logical' and the 'historical' is neither to be grasped with the 'illustration thesis', nor the 'historisation thesis'. By no means does Marx perform a 'historisation of the logical'. Rather, he reformulates the 'logical' in a specific way, so that now, to the contrary, historical formations can be understood, categorised and differentiated from the point of view of the 'purely logical' problematic of the value form, from the 'logic' of the facts.[79]

Alfred Schmidt, in his 'On the Concept of Cognition in the Critique of Political Economy' (1968), argues in this context that Marx's mode of presentation strictly sets itself apart from the Hegelian identity of object and method. This is clear from Marx's own insistence on the 'formal' differentiation between the mode of inquiry (*Forschungsweise*) and the mode of presentation (*Darstellungsweise*) in the postface to the second edition of the first volume of *Capital*.[80] Schmidt argues that

> while the 'inquiry' orients itself toward the actual process of the history of theory (*Theorie-Geschichte*), the 'presentation' takes the opposite path: it advances from the immediate 'being' towards the mediating 'essence', i.e., in the sense of the Hegelian Logic: it proceeds from Being towards Essence, returning to the 'Ground' of Being. Marx, in other words, brings

79 Brentel 1989, p. 364.
80 See Marx 1976, p. 102.

> to life (*verlebendigt*) the historical process of the past which has sedimented itself in the thing-like concepts of an (empirically inhibited) bourgeois economy … Only the 24th chapter, which treats the centuries of 'original accumulation', debates the historical presuppositions of all that which is already constitutive for the commodity and its analysis (as well as everything following from it).[81]

In the following, we shall see how the violence of original accumulation is abstracted away in Uno's account which relegates and limits the beginnings of capital to the realm of *commodity exchange*.

2.1.5 *Beyond Uneven Development: Commodity Circulation as the Origin of Capitalism*

In the following, we will address how Uno prepares his own theoretical setting of the theory of principles that brings forward early commodity circulation as the founding principle of the capital relation. Uno follows a radically different evaluation of the historical origins of capitalism, one that abstracts from the history of the expropriation of the peasantry and the Bloody Legislation in the era of merchant capitalism in England, as described by Marx in both *Capital* and in the *Grundrisse*, and focuses on the *purely formal category* of exchange. As we will see and discuss in Chapter 3, the theory of principles that takes a 'pure capitalist society' as hypothesis will give up on the necessarily correlating and interdependent determinations of abstract labour and value which structurally undergirds the concept of capital. Instead, Uno's reshifting of the focus emphasises the predominant *form* in which abstract labour appears, money and exchange, discarding the analysis of its conditions of possibility, to become a theory of 'value without fetish' in the strict sense.

As for all the criticism of Marx's method, Uno largely orients himself time and again in the *Methodology* towards the *Methodenkapitel* in the 1857 Preface to the *Grundrisse*, and here, especially to the preliminary plan for the prospective *Critique of Political Economy* that has been discarded in the 1859 edition:

> The order obviously has to be (1) the general, abstract determinants which obtain in more or less all forms of society, but in the above-explained sense. (2) The categories which make up the inner structure of bourgeois society and on which the fundamental classes rest. Capital, wage labour, and landed property. Their interrelation. Town and country. The three

81 Schmidt 1968a, p. 38.

> great social classes. Exchange between them. Circulation. Credit system (private). (3) Concentration of bourgeois society in the form of the state. Viewed in relation to itself. The 'unproductive classes'. Taxes. State debt. Public credit. The population. The colonies. Emigration. (4) The international relation of production. International division of labour. International exchange. Export and Import. Rate of exchange. (5) The world market and crisis.[82]

Uno begins his own elaboration on method by referring to Marx's self-reflection 'of rising from the abstract to the concrete', sidestepping Marx's criticism of Hegel, continuing that the 'most abstract determination of capitalist economy' is the commodity. The correct presentation should therefore begin with it. Yet, as prefigured by Marx, 'capitalist society, made up by the three classes of workers, capitalists, and land owners, is reproduced as something concrete',[83] that is, as a society which is systematically developed as the logic of commodity economy itself. 'Insofar as in this society the economic principles are carried out by the commodity form, it has to follow it, and the lawfulness (*hōsokusei*) of the principles of the commodity should thus be clarified'.[84] According to Uno, this 'principle' of the commodity form alone serves as the basis for Marx's plan accomplished – however imperfectly – in *Capital*. In other words, for Uno, only point (2) qualifies as the content of Marx's mature work.

> Marx did not differentiate between the theory of principles and stage theory in his supplement (sic) in the *Introduction* to the *Critique of Political Economy*. What corresponds to the theory of principles are (2) …, while (3), … (4), … and (5) … are merely given. The purification of Marx's *Capital*,

82 Marx 1973, p. 108. This is, however, only the first rudimentary sketch, further illustrated as the 6-book-plan in the 1859 introduction to the *Contribution*. As Rolf Hecker says, 'In mid-1857, Marx drafted the structure of his planned work in the "Introduction" mentioned by him, which he – in a letter to Ferdinand Lassalle on Feb 22nd, 1858 – extended towards a six-book-plan: capital, landed property, wage labour, the state, foreign trade, the world market. The first volume, according to a letter written to Engels on April 2nd, 1858, was supposed to cover "capital in general", competition, credit and stock market capital'. (See the Introduction to the Marx-Engels-Werke (*Works of Karl Marx and Friedrich Engels*), Volume 13, Berlin: Dietz. p. xv). Heinrich argues that Marx had entirely given up on the six-book-plan and conceptualised a completely new structure while drafting the second instance of the formation of the Critique of Political Economy in the early 1860s, resulting in the manuscripts to *Capital*. See Heinrich 2002.

83 Uno 1974 [1962], p. 28.

84 Uno 1974 [1962], pp. 28–9.

> too, as a theory of principles, is obstructed. What is left is an inconsistent theoretical development.[85]

In hoping to *complete* Marx's initial plan and to give a more coherent method to the manifold assignment that the Critique of Political Economy represents, Uno develops his stage-theoretical methodological approach – not without claiming that neither 'taxes and state debt', just like finance and the 'international relations of production' cannot become a part of the theory of principles.[86] In order therefore to move to the topic of, e.g. international trade, a stage theory is necessary. There is, however, an even stronger motivation for Uno to make stage theory a distinct methodological approach. As mentioned earlier, Uno objects to Marx's understanding of England at the historical present of Marx's own writing in the mid-nineteenth century as the model for the development of world capitalist formation, a development according to which England would only show the less developed country 'the image of its own future'.[87] As a methodological approach, it was therefore wrong of Marx to use England as a model, when it did not strictly belong to the theory of principles that abstracts from all given historical and empirical realities. A stage theoretical approach is needed:

> For example, when Germany and other late developing countries (*kōshin-koku*) introduced capitalism (*shihonshugika suru*), they generated various discrepancies, dependent on whatever world historical developmental stage of advanced capitalism they occupy, brought forward by an advanced country like England. These discrepancies according to the development of capital, if they uniformly draw near a pure capitalist society which hypostatises the theory of principles, are already extinguished … If we assume a stage theory that clarifies the stages of world historical development of a capitalism that makes England an advanced and Germany a late developing country, we can for the first time clarify whether we can reconstruct the way in which the developmental stages that the advanced country has experienced are abbreviated, changed, or doubled. In the case of Germany where capitalism was introduced belatedly, our country and others, there occurred various and even more complicated problems regarding this point.[88]

85 Uno 1974 [1962], p. 54.
86 Uno 1974 [1962], p. 43.
87 Marx 1976, p. 91.
88 Uno 1974 [1962], pp. 38–9.

In other words, for Uno, the principles Marx identifies in *Capital* as general, account only for England's particular history, notably the history of 'primitive accumulation' characterising the emergence of the English proletariat, the 'free worker in the double sense'. It should be recalled though that, for Marx, the presentation in *Capital* does not indicate a 'higher' or 'lower' grade of development of social antagonisms, which 'spring from the natural laws of capitalist production'.[89] Rather, the presentation in *Capital*, as we learn from the Preface to the first edition, focuses on 'these laws themselves, of these tendencies winning their way through and working themselves out with iron necessity'.[90] By choosing England as the model of presentation, Marx aims to deliver an informative and pragmatic content to this methodical decision: 'If, however, the German reader pharasaically shrugs his shoulders at the condition of the English industrial and agricultural workers, or optimistically comforts himself with the thought that in Germany, things are not nearly so bad, I must plainly tell him: *De te fabula narratur*!'[91] What scandalises Uno is that the process of primitive accumulation that accompanies the introduction of the capitalist mode of production in different areas, has been realised in different ways. The expropriation of the direct producers, as it took place in fifteenth- to sixteenth-century England, cannot therefore be generalised as the basic mechanism enabling the implementation of capitalist relations of production, according to Uno.

> One cannot say that 'The country that is more developed industrially only shows, to the less developed, the image of its own future.' The process of the primitive accumulation of capital is different everywhere. As long as the disintegration of the rural villages isn't thoroughly executed, we may observe the advancement of capitalist large-scale industries. If it reaches an ever closer approximation to pure capitalism as it is hypostatised by the theory of principles, it is because, along with the development of capitalism, after all both the late and the advanced countries present the same image (*yōsō*). But *in fact* this is not the case. Especially in the era of finance capital, every single county presents a different image.[92]

We will show in the following that Uno doubly errs in his evaluation. The first error concerns Uno's strict separation of the 'logic' of the 'pure principles' and

89 Marx 1976, p. 91.
90 Marx 1976, p. 91.
91 Marx 1976, p. 90.
92 Uno 1974 [1962], p. 40.

the stages-developmental presentation resulting from this claim. The second error follows from the devaluation of the emergence of the capital-labour relation and its substitution for the emphasis on the 'commodity form'.

Indeed, that the history of the origins of capitalism evolved differently in different global regions is a truism with no analytical cognitive gain as to the specific mechanism by which capitalism is in effect as a social and historical fact. 'The Explanatory Value of the Theory of Uneven and Combined Development'[93] as we can find it, e.g. in Trotsky, may lie in explaining deviations of regional, but mostly national, economic development – but it can only do so on the basis of assessing the *common features* of the different regions, the basis of which explains the 'deviations' in the first place, and without which the thesis of 'uneven development' would remain tautological. This not only holds for the assessment of the relation between theory and history whose strict separation Uno advocates on a *logical* level. This has also been confirmed by geographers and historians of uneven development.[94] A case in point is Neil Smith, whose *Uneven Development. Nature, Capital and the Production of Space* (1984) takes a less schematic approach than Uno's, arguing that uneven development, far from being an 'obstruction' to the conception of a 'pure capitalist' development, is one of the structural *conditions of possibility* for capital's claim to 'levelling' and universality. Uneven development precisely *consolidates* capital's inherent contradiction in the process of production of abstract wealth and the conditions of its realisation, an inherent contradiction not only *logically*, but also *geographically* and *historically*, implemented in the character of the law of accumulation. In that sense, Smith argues that uneven development 'is the geographical expression of the contradictions of capital'.[95] This contradiction however must be manifest in the relation that constitutes the capitalist of production as a historically specific economic formation, i.e. the relation between capital and labour, not only as the common basis of all capitalist societies, also as the discernible locus of geographical difference, so that '[as] uneven development becomes an increasing necessity in order to stave off crises, geographical differentiation becomes less and less a by-product, more an inner necessity for capital'.[96] Uneven development, in other words, 'acts out' the contradictory character of the *logic* of accumulation (in e.g. a national economy) in its global and developmental implementation:

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93 See http://www.historicalmaterialism.org/blog/explanatory-value-theory-uneven-and-combined-development.

94 See David Harvey's *The Limits to Capital* (1982).

95 Smith 2008 [1984], p. 202.

96 Smith 2008 [1984], p. 203.

> If the equalisation of global space results from the universal tendency of the wage-labor relation, then the main axis of geographical differentiation at this scale is the differential determination of the value of labour power, and the geographical pattern of wages thus effected … Capital has no choice whether to expand into pre-capitalist societies, but it does have a 'choice' about how it does this. On the one hand, the developed, highly centralized capitals must constantly search not just for the physical elements of production – the necessary use-values – but for cheaper and cheaper sources of these materials, especially new materials and labor power. In the expanding search for relative surplus value, capital is driven to convert these external, relatively undeveloped spaces into places of production and accumulation. On the other hand, driven by the constant threat of over-accumulation, capital attempts to convert these places into markets for its goods, places for consumption. But it cannot do both, because it can convert these undeveloped societies into places of consumption only by developing them and by raising wages to facilitate consumption. There is a contradiction between the means of accumulation and the conditions necessary for accumulation to proceed, and it has a trenchant geographical shape.[97]

This diagnosis lies behind the 'development of underdevelopment' that forms the basis for uneven development and accumulation. For the present discussion, the insight that capital's drive towards accumulation precisely requires a 'non-linear', 'uneven' state of various global regions and hence *in its very logic expresses or 'acts out' a 'stage developmental' theorisation*, is key. Uno's objection to Marx's 'insufficient' differentiation between the two errs in failing to see the capital-relation as a basically contradictory social formation, both in its logic and its historical implementation. The 'purity' aimed at by Uno – which, as we will see, is extended to social reproduction as the production of general equilibrium – fails to grasp what is *essential* about the capitalist mode of production, for which the production of non-equilibrium and unevenness is a constant condition.

With this in mind we shall come to Uno's second error, the rejection of 'primitive accumulation' as a generalisable heuristic framework for the emergence of the capital relation and its substitution by the 'commodity form'.

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97 Smith 2008 [1984], pp. 187–8. However, whether this is capital's 'choice' is dubious. Just as little as capital 'decides' to develop the forces of production and expand globally, does it 'decide' to aim at both maximum profitability and the devaluation of labour to a minimum.

For Uno, since the history of primitive accumulation as included by Marx at the end of *Capital* does not only not represent a global phenomenon, but has no bearing on pure theory either, it must be substituted for a different scenario: rather than expropriation, *commodity exchange between communities* exemplifies the *formal roots* of capitalism in a hitherto non-capitalist society. In its formal purity, this scenario legitimises its incorporation into the theory of principles. Indeed, the first part of the *Principles* (both the 1950–2 and the 1964 edition) thematises 'The Doctrine of Circulation', not Production, as the most abstract and generally valid form of the 'commodity economy', since 'the primary concept in political economy is neither a product not production; it is the form of the commodity'.[98] The first part hence thematises the commodity, money and capital, without once referring to abstract human labour, hence disavowing the fetish-critical dimension of Marx's conceptualisation of the 'commodity form' from the outset, as we will discuss in Chapter 4. For now, we shall reconstruct Uno's justification of commodity exchange as the appropriate theoretical locus for the conceptualisation of capital. Commodity exchange between rural communities at the periphery of commodity exchange – historically to be set at the beginning of merchant capitalism in the early fifteenth century – signifies the principal mechanism by which capitalism as a commodity economy entered the social edifice for Uno. Marx's quote in 'The Exchange Process' of *Capital* Volume I, *succeeding* the analysis of the value form and the thematic introduction of the fetishism-problematic, here serves as a buttress for Uno's view that capitalism has taken its beginning in inter-communal exchange: 'The exchange of commodities begins where communities have their boundaries, at their points of contact with other communities, or with members of the latter',[99] and comments:

> Whatever the fact of the emergence of commodity exchange, I think in these words the fundamental side to the character of commodity economy is revealed. Regardless of methods of production and the system dominating inside the community, the fact that their products are exchanged as commodities with other communities develops the specific commodity relation.[100]

In a striking move, Uno evaluates this ephemeral remark in Marx's evaluation of exchange as an explanatory framework of commodity exchange as the most

98 Uno 1980 [1964], p. 3.
99 Marx 1976, p. 182.
100 Uno 1974 [1962], p. 11.

basic and general rule of human social behaviour, strongly reminiscent of the axioms of classical political economy and their methodological individualism functionalised for the determination of transhistorical and transsocial human characteristics. At length, Uno reproduces Marx's argument why general commodity exchange presupposes the liberation from extra-economic constraints we find in ancient communalities:

> The first way in which an object of utility attains the possibility of becoming an exchange-value is to exist as a non-use-value, as a quantum of use-value superfluous to the immediate needs of its owner. Things are in themselves external to man, and therefore alienable. In order that this alienation (*Veräusserung*) may be reciprocal, it is only necessary for men to agree tacitly to each other as the private owners of those alienable things, and, precisely for that reason, as persons who are independent of each other. But this relationship of reciprocal isolation and foreignness does not exist for the members of a primitive community of natural origin, whether it takes the form of a patriarchal family, an ancient Indian commune, or an inca state.[101]

Instead of being faithful to Marx's intent, namely explaining why liberty, equality, and private property serve as *preconditions* for commodity exchange – which Marx without further ado ascribes to individual and 'private owners' of commodities, again presupposing we have read the previous chapter in which this constellation is disclosed as a fetishistic semblance – Uno reads something strikingly different, if not contrary, to Marx's purpose: first of all, for Uno, as is clear from the quote, the principal condition for commodity exchange is in the production of non-use values for oneself (surplus production) that becomes a 'use value for others', a principle that can be generalised for whenever different communities emerged as against others. 'Direct need (*chokusetsuteki yokubō*)' becomes the 'object of commodity exchange.'[102] Hence, private ownership of the means of production may serve as an accompanying condition of commodity exchange, but not its cause. 'It is right to say that commodity exchange at least directly eliminated the inner norms from a community. At the same time, the parties of exchange have tacitly agreed "to each other as private owners" and as "persons who are independent of each other". In this relation, the

101 Marx 1976, pp. 181–2.
102 Uno 1974 [1962], p. 11.

community already has some kind of extra-economic norms which have no relation to the produced product, and are connected to pure economic form'.[103] However, Uno says that

> this purely economic character of commodity exchange forms nothing but the passive requirements of economic analysis. The active provision for the motif of economic analysis, as seen previously, is the phenomenon of the discovery of the specific lawfulness that the commodity form contains. The use value of a product is not directly the object of the satisfaction of a need. It is so only indirectly, that is, when it receives commodity-social control (*shōhin shakaitekina kisei*), that it becomes the aim of the original satisfaction of needs for the first time. But that necessitates a specific analysis.

Counterfactually to the Marxian analysis, Uno relates the emergence of 'commodity-social control' as centred around the provision of use values aimed for the satisfaction of social needs. In a later passage, Uno adds how the commodification of labour power, first and foremost, required a particular way of the exchange of *use values*, rather than a particular way of their production, oriented toward value. Without making an explicit reference, Uno sees the 'direct need' for use value as the main cause for general exchange on a social scale, starting with communities. The principle of exchange therefore has to be characterised as the most abstract determination of how capitalism became the dominant principle:

> In the various pre-capitalist societies, a society close to increasing purification as in the development of that which enables the theory of principles of political economy, is probably unlikely. But also capitalism has only shown this tendency until a particular stage of its development. I've come to think that by the emergence of a commodity economy between communities, by permeating them, and by commodifying labour power, for the first time a nexus was established in which a capitalist society became the dominant social form. Here, the specific abstractness (*tokuyūnaru chūshōsei*) and generality of the principles of political economy is shown.[104]

103 Uno 1974 [1962], pp. 11–12.
104 Uno 1974 [1962], p. 40.

For Uno, contrary to Marx's analysis, the commodification of labour power becomes a specific feature of commodity exchange, not vice versa. With that implication, he can argue that, since the universal principle of commodity economy characterises capitalist societies as a totality, all criteria that do not belong to it should be eliminated. As we have seen before, the labour power commodity for Uno is the pivot of industrial capital, but it cannot be directly produced by it. Therefore, even the commodification of labour power presupposes the principal structure of an original society of exchange. One must not forget however that for Uno, too, the separation of the producers from their means of production is a historical fact that, even if it cannot be universalised at all historical times to mark the foundation of capitalism, was tantamount to a particular development, as, e.g., taking place in England.[105] But even this process of expropriation was based on the principle of exchange, as we can see in the quote above. At the level of his stage theory, Uno therefore sees capitalism's first stage in that of exchange that characterised the era of merchant capital, accompanied by the policy of mercantilism. Here is also why we find in Uno's theory of *genriron*, the only level in his three-level method he worked out, that the pure forms of movement of merchant capital – the commodity, money and capital – should be *theorised before the character of production is taken into account*. The forms of circulation, unlike those of production, are already existent both historically and theoretically. This is a fundamental departure from Marx, who, as Schmidt correctly notes, presents in the history of primitive accumulation the 'historical presuppositions of all that which is already constitutive for the commodity and its analysis (as well as everything following from it)'.[106] Uno however misses the point of the chapter on primitive accumulation, its precise *Begründungszusammenhang* from the previous analysis of the real subsumption of labour under capital in the form of *wage labour* that explains *which* historical 'event' is responsible for the emergence of the capital relation in the first place. Neither the industrial revolution of the early eighteenth century, nor the hoarding of wealth, nor the emergence of colonies and world trade can sufficiently explain the mechanism of the commodification of labour power underlying the total production and reproduction process of capital. It is therefore quite counterfactual that, as Uno believes, the commodification of labour power was owed to a specific relation of *exchange*. To the contrary:

105 Uno 1974 [1962], p. 45. After stating that sheep wool industries were a specificity of the developmental stage of capitalism in merchant capital, Uno says it was based on the separation of direct producers from their land.

106 Schmidt 1968a, p. 38.

> In point of fact, capitalist production is commodity production as the general form of production, but it is only so, and becomes ever more so in its development, because labour itself here appears as a commodity, because the worker sells labour, i.e. the function of his labour-power, and moreover, as we have assumed, at a value determined by the costs of its reproduction. The producer becomes an industrial capitalist to the same extent that labour becomes wage labour; hence capitalist production (and thus also commodity production) appears in its full extent only when the direct agricultural producer is also a wage-labourer. In the relation between capitalist and wage-labourer, the money relation, the relation of buyer and seller, becomes a *relation inherent in production itself*. But this relation rests fundamentally on the social character of production, not on the mode of commerce; the latter rather derives from the former. It is typical of the bourgeois horizon, moreover, where business deals fill the whole of people's minds, to see the foundation of the mode of production in the mode of commerce corresponding to it, rather than the other way around.[107]

When in the *Principles*, Uno contends that 'Marx's *Capital*, for the first time in the history of political economy, consciously begins … with the concept of the commodity',[108] he completely misrecognises Marx's intent to begin with the commodity *in order to deconstruct* the fetishistic semblance of the commodity and its form, which presents itself to us *as though* it were the predominant form of capitalist sociation. In reality however, in the commodity, the relation between capital and labour is already, however 'latently', contained. With a clear awareness of this, Marx says, 'it would transpire, therefore, that already other, more complicated relations of production, more or less conflicting with the liberty and independence of individuals, their economic relationships, are the premiss that, as free private producers in simple relations of purchase and sale, they should confront each other in the process of circulation and should

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107 Marx 1978, p. 196. Emphasis added.

108 Uno's assessment, however, is inaccurate. Marx 'at first' consciously *reproduces* the English economists' view of the commodity, before he deliberately demonstrates its systematic blindness towards the productive relations that constitute the 'commodity form', i.e. their systematic blindness of value, as against use value. In the *Contribution*, Marx says: 'A commodity is first of all, *in the language of English economists*, anything necessary, useful, or pleasant in life', an object of human wants, a means of existence in the broadest sense of the word'. Marx 1904 [1859], pp. 19–20. Emphasis added. In *Capital*, Marx refers the broader passage to Nicholas Barbon's (1640–98) 'A Discourse on coining the new money lighter. In answer to Mr. Locke's Considerations etc.', London 1696.

figure as its independent subjects'.[109] From the standpoint of commodity circulation that Uno holds, however, '*these relationships are obliterated*'.[110] It may be useful at this point to recall Robert Brenner's seminal 'Critique of Neo-Smithian Marxism' in his influential 'Origins of Capitalist Development' (1977). In his critique of Immanuel Wallerstein's, Paul Sweezy's, and André Gunder Frank's theories of 'commercial networks' grounding the emergence of capitalism within the 'world system' between core and periphery, we find a similar constellation as discussed here, although what interests us is not so much the explanation for uneven development, but Uno's and Wallerstein/Sweezy/Frank's congruent view of the origins of capitalism.[111] Wallerstein argues that the capitalist mode of production and the unevenness that characterises it derive from a 'trade-induced world division of labour' and, like Uno, sees this development originating in merchant capital. 'The trade-induced world division of labour will, in turn, give rise to an international structure of unequally powerful nation states: a structure which, through maintaining and consolidating the world division of labour, determines an accelerated process of accumulation in certain regions (the core), while enforcing a cycle of backwardness in other (the periphery)', as Brenner paraphrases.[112] Frank takes a similar outlook on the impact of mercantilism and world trade: '… a commercial network spread out from Italian cities such as Venice and later Iberian and Northwestern European towns to incorporate the Mediterranean world and sub-Saharan Africa and the adjacent Atlantic Islands in the fifteenth century … until the entire face of the globe had been incorporated into a *single organic* mercantilist or mercantile capitalist, and later also industrial and financial, system …'[113] Brenner's crucial objection lies in his understanding of the capitalist mode of production as primarily based on the *class character* of the society in which it operates, and not on forms of trade. Economic development – or, more precisely, the development of the forces of production – Brenner argues, can neither originate from 'the expansion of trade … nor the transfer of surplus … nor the specialization of labour control systems leading to a more effective ruling-class surplus extraction', because none of these can determine 'the rise of a system which "develops itself spontaneously", which can and must continually "revolution-

109 Marx 1987 (MECW 29), p. 466.

110 Ibid. Original emphasis.

111 Comparisons between Uno and Wallerstein's/Frank's positions shall not prove to be very fertile, not least because the latter clearly recognise the capital relation as a *problematic* one, i.e. assume a different theoretical position than Uno.

112 Brenner 1977, p. 30. See Wallerstein 1974, pp. 16–20.

113 Frank 1969, pp. 14–15. Quoted in Brenner 1977, p. 28.

ize out and out the technical processes of labour and composition of society".[114] The latter, for Brenner, is only guaranteed by the specific form of surplus value accumulation assumed by the capitalist mode of production, namely the *production of relative surplus value and the reproduction of the class structure* this form of production entails.[115] Trade, therefore, 'is not at the origin of capitalist economic development, because trade cannot determine the transformation of class relations of production'.[116] Like Uno, Wallerstein et al. 'assume away' the transformation of the class relation of production in the transformation from the serf-lord feudal relations to capitalist wage labour. They, as Brenner argues, no longer see the rise of 'distinctively capitalist class relations' as the '*basis* for capitalist development, but as its *result*'.[117] In a trenchant analysis of the feudal state's economic disposition, i.e. the simultaneity of serfdom with merchant capital and a beginning world market (which is impossible to reproduce in detail), Brenner demonstrates that in feudal states, trade at no point formed an incentive to develop the productive forces: 'For the serf-lords' survival simply did not depend on their relationship to the market'.[118] Indeed, 'the serf social relations, under the impact of trade, tended to entrain a stagnant, often regressive, pattern of overall societal development, making a mockery of the optimistic Smithian model …'[119] Decisive factors hampering the development of productive forces were a) the immobility of land and labour deriving from serfdom b) the self-lords' interest in short-term surplus extraction over long-term growing productivity, c) that demand, not being a category of the market, was confined to the realm of the landlords' wants for 'limited numbers of expensive *luxury* products, goods which could in no way enhance rural production'.[120] In this economic climate, the highly restrictive economic policies of the guilds, which came to dominate manufacturing, could flourish, as could trade. But neither the guild system nor the establishment and widening of the world market could change the class composition of feudal society. In his pungent critique of Sweezy, who, like Uno, wrongly identifies the 'development of trade' with the 'emergence of capitalism', Brenner observes:

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114 Brenner 1977, p. 31. Brenner quotes from Marx 1976, p. 645 ff.

115 For a more detailed discussion of the function of the production of relative surplus value in relation to the real subsumption of labour under capital, see Chapter 5.3.

116 Brenner 1977, p. 38.

117 Brenner 1977, p. 39.

118 Brenner 1977, p. 45.

119 Benner 1977, p. 45.

120 Brenner 1977, p. 47.

> … Sweezy's error is two-fold. It is to posit that the producers' relationship to the market determines their operation and development and, ultimately, their relationship to one another – rather than vice versa. Correlatively, it is to locate the system's potential for development in the capacities of its component individual units … rather than in the system as a whole – specifically, in the overall system of class relations of production which determine/condition the nature of the interrelationships between the individual units and, in this manner, their operation and development.

We will see in the next chapter how the dismissal of the standpoint of the system as a whole, like in Sweezy, informs Uno's methodologically individualistic commentary on Marx's value form analysis. The insight to be gained here is that Uno's emphasis on inter-communal commodity exchange and mercantilism as the *Urform* of capitalist relations – and the first level in the stages theory of capitalist development – disregards the evolution of specifically capitalist relations of production as the *condition* of this *Urform*, in other words, the dependence of the market on a mode of production in which the surplus is produced as *surplus value*, and is thus given a specific *social form* originating with the emergence of wages or the freedom from the 'objective conditions' of their labour. Merchant capital, in this sense, only becomes capital proper when it encounters 'the conditions where free labour can be purchased only when this labour has been released from its objective conditions of existence through the process of history'.[121] Moreover, the question how Uno's alternative approach to the 'point zero' of capitalist social relations in commodity exchange exalts a 'purer', i.e. 'more general' level of abstraction, remains completely open. As we have shown, it fixes the immediate semblance of simple commodity exchange as the essential feature of the capital relation, and hence imitates the methodological approach of bourgeois political economy, endorsing its use value-centred understanding of the function of the commodity as 'the satisfaction of needs'. Similar to the transhistorical presentations of classical bourgeois interpreters, Uno *excludes* the savage history of the emergence of capitalist relations of production from the general and 'pure' principles, cleansing its seemingly innocuous concepts – the commodity, money, capital – from the structural embeddedness of their violent historical genesis. Contrary to what Uno thinks, history is not an 'external', 'contingent' accompanying theme which has no place in the theory of principles (nor in stages

121 Marx 1973, p. 505.

theory) – it is *constitutive* for the theory of principles themselves. By hypostasising the 'lawfulness' of the commodity form, and therefore the priority of forms of exchange over forms of production, ignoring the *critical function* of the presentation of the relations of production for the fetish-characteristic form of the commodity that Uno, like conventional political economy, 'sticks fast to', Uno assumes a position close to bourgeois political economy and its disavowal of the fetish problematic *in toto*. In order to wrap up the 'Limits of the Three-Level Method', we should reconsider its overall function and briefly turn to a more general evaluation of its methodological persuasiveness.

2.1.6 *A Theory of Levels of What? The Question of the Object of Cognition*

Before embarking on the 'axes' or 'frame joints' as regards the thematic content of pure theory – the law of population and the commodification of labour power – we should reconsider the overall methodological function of the three-level method or *sandankairon*. What is of interest in this context is the persuasiveness of the three-level method for the evaluation of the historical advancement of capitalism, especially, as we have seen, as the process of primitive accumulation is anathematic to its schema.

Uno did not fully theorise Marx's 'omissions' of what Uno saw as the stages – theoretical points in Marx's plan in the 1857 *Introduction*. For Uno, the point of Marx's plan to work out how the 'Concentration of Bourgeois Society in the Form of the State' should incorporate the different epochs of 'each and every country' with their respective conditions, and the influence of the development of capitalism in the advanced countries on the emergence of capitalism in the late developers. Stage theory however does not exhaust the task of clarifying the 'beginning, emerging, developmental stage and stage of demise' of world capitalism, individually for every country in every situation 'and in their mutual conditions and relation'.[122] Uno insists on the necessity of the supplement with the 'analysis of the actual conditions', and pure theory, together forming the three level-method:

> The world-historical significance of the countries who occupy the 'leading position', presenting 'the Concentration of Bourgeois Society in the Form of the State' with their industry, is rather embedded in the analysis of the actual phenomena (*genjō bunseki*), instead of the stage theoretical norms that explain their leading influence. In the same way as they do not present the principal-theoretical norms, they cannot be stand-

122 Uno 1962, p. 49.

> ardised as the analysis of the actual conditions. Of course, the historical process of the emergence, development, and demise of capitalism is to be developed by a specific lawfulness. The advanced countries' process forms the model (*tenkei*) as against that of the late developer. However, this is the object of the theory of principles. In contrast to the laws of movement of a pure capitalist society, [stage theory] forms the development as the process of the permeation of capitalist society against a more or less non-commodity economic, non-capitalist economy realised through domination over the so-called heterogeneous things.[123]

The information stage theory therefore delivers remains limited to the 'purification' process. In its concrete formulation, it does not present more than a more or less arbitrary division of historical epochs without any information on the *social significance* of capitalism's development. This lacuna becomes crucial in the missing evaluation of *real subsumption*. Along with the historical process of capital's original formation in the separation between capital and labour as two distinctive social classes, the dynamic of the development of the forces of production is bizarrely excluded from Uno's legitimate interest in the relations and specific individual developments of capitalism's developmental stages.[124] We are therefore equally legitimised to ask what theoretical *insights* we do gain from Uno's periodical compartmentalisation of capitalism's world-historical stages. Who would doubt that merchant capitalism developed in the sixteenth to seventeenth century and subsumed the production process, accompanied by the stage of mercantilism, with the sheep wool industry as its main product? Or that, after the industrial revolution of the eighteenth century, industrial capitalism came to dominate in the era of liberalism, focussing on the production of cotton goods? How is the claim that it was followed by the nineteenth-century 'late developer' Germany's, as well as England's, imperialism, standing on the firm basis of finance capital and its heavy industries, a particularly controversial one, delivering critical insights to a probably dated conventional view? More promising would be an elucidation of the *interrelation* between pure theory, stage theory and the analysis of the actual conditions, i.e. their common denominator. This would both throw a light on how the principles can account for the *general* development 'in each and every country' and also rationalise the elimination of 'impurities' that find their way into stage theory. However, such a common ground for both levels of abstraction is

123 Uno 1974 [1962], pp. 49–50.

124 However, neither do we find that the theorisation of the capital-labour relation was central even to pure theory. This will become thematic in Chapter 4.

missing in Uno's methodological reflections, and so is their relation to the 'analysis of the actual conditions'. To be sure, where Uno sees his stage theory as a 'supplement' or further theoretisation of the basis-superstructure metaphor that constitutes historical materialism, it could enhance the determination of the specific material content to particular stages. But the fact that merchant, industrial and finance capital form the economic basis, while mercantilism, liberalism and imperialism form the respective forms of superstructure, ends up in a tautology. In sum, Uno's theory of stages elucidating the specific role of late developers in the historical progress of capitalism's self-expansion does no more than assert stages while leaving open their connection to capital's logic that forms the object of the theory of principles. In other words, the historical stages Uno determines stand without correlation to the insights of the theory of principles, aside from presenting the denominator of their respective levels of 'purity', for which the theory of principles in turn delivers the level of conceptual abstraction. This fatal inconclusiveness of the Three Level-Method was also noted by Simon Clarke:

> … the Uno approach remains formalistic, since the basis of this abstraction, and the corresponding division of levels between the basic theory, the stages theory, and historical analysis, is essentially arbitrary. The demarcation and specification of the basic theory is determined by purely analytical criteria, which define which historical tendencies correspond to the inner logic of capitalism, and which correspond to contingent factors introduced at the level of the stages theory or at the level of historical analysis. The result is that the pure theory is insulated from contact with the real world by stages theory, which provides the link between theory and history. However, the stages theory derives neither from the pure theory nor from historical abstraction, but essentially from the need to build a bridge between the two, so that the only escape from a scholastic formalism is provided by a stages theory which is at best undeveloped, and at worst arbitrary … the result is that the theory provides no coherent purchase on the historical process of capitalist development, on the one hand, and no political guidance, on the other.[125]

Over and above Clarke's evaluation however, the deliberate disavowal of Marx's specific *Problemstellung* from the three level-method is to be problematised in Uno's approach. Against Uno, we have seen that the mere commodity form and

125 Clarke 1989, 134.

mere commodity circulation are *never constitutive of economic form determination*, and hence can neither mark the beginning of capitalism's historical origin, nor the purely theoretical vantage point by which capitalist relations of production are considered. To the contrary: hypostatising the 'lawfulness' of the commodity form as the theoretical point of departure imitates classical bourgeois economists' view of the commodity as the natural(ised) vantage point, in which its relation to the specific relations of production, especially the relation between capital and labour, is extinguished. Marx's presentation of the historical origins of the process which made the emergence of the commodity form possible at all *critically inverts* the unproven presuppositions, the naturalistic fallacies, and the ideological hypostatisations of the 'commodity form' as the point of departure of political economy. In this critical presentation, any refuge in 'different levels of abstraction', which do not coherently demonstrate by their own exposition *as to what instance they are abstractions of*, is superfluous. Rather than that Marx's historical account of primitive accumulation 'stands outside of the pure principles', as Uno argues, Uno's historical stages of mercantilism, liberalism and imperialism *bear no relation to the constellation* that structures the capital relation in the first place. This is not to say that 'different historical stages' are secondary to understanding the present capital relation and the 'uneven way' it has subsumed labour under capital. They indeed show how capital has incorporated different material relations – and concretely, different kind of products under different production methods, accompanied by their corresponding different political interventions – in each case. But it raises the question what insights we get for understanding the present predicament of capital – e.g. children's labour in vast parts of the southern hemisphere even in the twenty-first century, poverty, the rise of a new 'surplus' precariat, and the eradication of civil liberties – if a formalistic ideal-type theory of 'pure' principles of capitalist commodity-economy is assumed as the methodological vantage point for which a no less schematic stage theory assumes a chromatic of increasing/decreasing levels of 'purity'. Indeed, as Clarke observes, 'pure theory is insulated from contact with the real world'. Acknowledging this, we can however point to a more general epistemological, and hence, fundamental misrecognition of Marx's method in Uno's *sandankairon*. This concerns the problem of Uno's 'pre-critical' (*vorkritischer*) standpoint. So strong is Uno's rejection of Marx's 'meshing' of different levels of analysis that Uno fails to see its critical function. It consists precisely in demonstrating the grip of the law of value and the valorisation postulate over the real life of humans, the production and the reproduction process, as a reality-structuring force. In Uno's method, the capital relation is never problematised because *sandankairon* is systematically obstructed from determining what the

law of value 'has to do' with the actual world, with the actual *society* we live in. The law of value is restricted to a hyper-abstract 'pure theory' in which 'equal exchange' and an 'equilibrium of supply and demand' prevails. It is therefore banned from its theoretical extrapolation in the actual economy. This is quite to the contrary of Marx's project. Instead of the mutual externality of pure theory and stage theory, Marx deliberately presents the actual cruelty, the actual violence, the actual devastation *in effect* by a society that subordinates all social exchange to the law of value. Marx's project in *Capital* was to show how the law of value prevails *precisely in a historically real economy* – and his elaborations of 'The Working Day' are a formidable example. The methodological objection and resentment against demonstrating the intrinsically devastating effects of the law of value, or rather surplus value, in a *real historical situation*, which was Marx's incentive for many of his elaborations in *Capital*, bears a significant symptom of the inherently apologetic character of Uno's and the Uno School's contribution. This however is closely related to Uno's insufficient grasp of the epistemological status of value. As a real abstraction, it is not merely the result of a thought process about an object called 'the capitalist economy', but in effect structures the actual workings, the real mechanisms by which people live and work and organise their daily survival, and, among the more privileged, think and thematise the concept of society itself. It is the autonomisation of value as a real process, and no longer – if it ever was – value as a mere 'thought-abstraction' that is the primary cause for the subordination of human needs to the value nexus. As Marx famously stated: 'Those who consider the autonomization [*Verselbständigung*] of value as a mere abstraction forget that the movement of industrial capital is this *abstraction in action*'.[126] Needless to say, in its hyper-abstract ideal-type formalisation, the theory of principles founding the three level-method may be considered the 'internal dream or fantasy of capital',[127] a state which can never materialise concretely, but must nevertheless be assumed, and which may well be merely the idealisation of capital by capital itself. For Uno therefore, this conceptualisation may indicate a 'dream'. For Marx, it is a nightmare.

126 Marx 1978, p. 185. Emphasis added.
127 Walker 2016, p. 164.

2.2 Pure Theory's X-Axis: The Law of Population

Uno's re-conceptualisation of the law of population serves two functions that imply each other: an intervention against Marx's theory of 'immiseration of the working class' (*rōdōsha kaikyū no kyūbōka*) and, more specifically, the explanation of labour power shortage in the long term, and the operations of the industrial cycle (boom, crisis, recession) in the short term. Labour power shortage is a vital problem in Uno's theory of the business cycle. For Uno, it should be addressed through the 'law of population', one of the 'Three Great Economic Laws that Govern Capitalism', as his 1969 text contends (along with the Law of Value and the Law of the Equalisation of Profit Rates). The law of population, for Uno, explains the necessity of crisis. We will see how this view of crisis, steering away from the inherent contradiction in the laws of the *creation* of surplus value with the laws of its *realisation*, and resetting it in the realm of workers' reproduction as independent variable, significantly leaves unaddressed the insights drawn from Marx's 'General Law of Capitalist Accumulation'.

With the development of the productive forces and the rise of the organic composition of capital, Uno contends, we do not merely confront a growing relative surplus population, but also a relative surplus of *capital*:

> Of course, because a higher organic composition of capital forms a relative surplus population against capital, capital does not always need to directly improve its forthcoming production methods. In other words, the improvement of capital's production methods may lead to an increase of the production of means of production and means of subsistence along with the advance of capital accumulation, but because this is not accompanied by an increase in the labouring population … this leads to a relative surplus in capital as means of production and means of subsistence, as against labour power.[128]

Not only the formation of a relative surplus population, but its *absorption* in times of boom, and the concomitant production of surplus capital relative to the working class, forms a problem of accumulation and one of the 'contradictory' tendencies of capital. According to Uno, capital reacts to labour power shortage with a crisis, triggered by the wage rise resulting from labour power shortage in times of boom, which fluctuates back into capital's necessity to expel labour power in times of depression. This tight relation between fluc-

128 Uno 1974 [1969], pp. 21–2.

tuations in the availability of labour power and the economic cycle was in Uno's view too perfunctorily analysed by Marx. Especially, in this context, the concept of the *value of labour power* is reconsidered by Uno, as a dependent variable considerably modified by the law of population itself. Towards the end of this chapter (2.2.), revisiting Marx's 'General Law of Accumulation', we will see on what grounds Uno's critique is justified, and whether the 'availability of labour power' – a 'commodity that cannot be directly produced by capital' – forms an adequate angle by which to meaningfully address capital's contradiction. Before we come to Uno's reconceptualisation of the 'law of population' as regulating the value of labour power through the cyclical process of capitalist accumulation, we shall first consider Uno's critique of Marx's law of population as a 'law of immiseration'.

2.2.1 *Against 'The Law of Immiseration' ...*

One of the two main incentives for Uno's re-conceptualisation of Marx's theory of population in the wider context of general accumulation theory is to counter the theory of immiseration.[129] For Uno, while the 'law of population' belongs to the framework of the principles, it must be 'purified' from the historical contingencies of immiseration theory. As we have seen, Uno's conceptualisation of pure theory or the theory of principles builds upon a level of abstraction in which the historical tendencies of capital should be excluded. In contrast to Marx, who deliberately includes these processes into the logic of the abstract rule of value, Uno demands separate spheres of capital's theorisation. We should therefore first present a problematisation of this view, before turning to what we believe is Marx's original motivation for the central, if not single most crucial theorem in *Capital*, the General Law of Capitalist Accumulation and crisis. In the *Methodology*, Uno quotes from the 1864–5 Economic Manuscripts:

> In theory, we assume that the laws of the capitalist mode of production develop in their pure form. In reality, this is only an approximation; but the approximation is all the more exact, the more the capitalist mode of production is developed and the less it is adulterated by survivals of earlier economic relations with which it is amalgamated.[130]

129 Also see the article originally published in *Keizai Kenkyū* (*Studies in Political Economy*) in 1957, 'On the So-called Law of Immiseration' ('Kyūbōka no hōsoku ni tsuite'), in Uno 1974 [1957], pp. 111–21.

130 Marx 1981, p. 275.

Uno strongly emphasises this small passage, and it occurs repeatedly over his theoretical writings. As what Uno thinks forms the basis to Marx's general method, on the one hand, it serves to justify Uno's own approach – capitalism's development toward increasing 'purity' – and on the other hand forms the basis of his critique of the 'purity' of the era of industrial capitalism. Yet, Uno assumes that Marx could not help being wrong: 'At the end of the 19th century, it became clear that this development [of an increasing approximation towards pure capitalism] would not take place. The systematic purity of the theory of principles could not be fully completed'.[131] The weakness of Marx's method was the failure to grasp the extent to which the law of population had penetrated the principles, and, within it, Marx's failure to understand the significance of the commodification of labour power as capital's crisis-inducing 'impossibility'. Instead, Marx, according to Uno, had developed a theory of 'immiseration' that not only did not meet the requirements of pure principles, but would be proven wrong precisely because Marx did not attribute sufficient importance to the law of a relative surplus population and the leverage function it can have in economic cyclical crisis. Here, in the context of the three levels, Uno gives only a brief sketch of the importance he ascribes to the law of population for pure theory. In the present context, we will briefly reproduce his argument while keeping in mind Uno's specific law which will be discussed in the context of the reconstruction of *Capital* (Chapter 4.1.) and the theory of crisis (Chapter 4.4.). At the bottom of Uno's argument lies the contention that Marx's theory of immiseration, discussed in the context of Marx's own theory of population in Chapter 25 of *Capital* Volume 1, 'The Progressive Production of a Relative Surplus Population or Industrial Reserve Army', was faulty since it did not and could not take into account the era of finance capital and its different trajectories towards outer spheres, the incorporation of an as yet non-capitalist periphery that would render the theory of immiseration redundant – since capitalism would not produce misery in one country necessarily and logically, but instead produce an uneven development of the standard of living, according to the level of capitalist reproduction. It is true, Uno admits, that Marx's theory of a relative surplus population could be held accountable for England at a specific stage of capital accumulation – the nineteenth century – but as such it does not stand as a pure principle. 'Therefore', Uno writes, 'the theory of principles in *Capital* as the developmental stage of capitalism [i.e. in which capitalism has overcome the previous non-commodity economic forms of small-scale production, etc.] can be thought of as the principles of industrial

131 Uno 1974 [1962], p. 37.

capitalism. But a systematic *purification* of the theory of principle does not take place'.[132] In the case of finance capital, 'mechanic heavy industry based on the stock exchange system and the relatively frequent improvement of capitalist production methods are always shown in the application of surplus population'. For Uno, it is 'the special feature of this era'.[133] For late developers, such as Japan, finance capital, stock markets and heavy industries played a more important role than in England, so that the capitalist law of population received an increasing importance for understanding the trajectories determining such a case as Japan:

> Through the law of population, capitalism comes into possession of *mechanisms or apparatuses which allow the* (*im*)*possibility of the commodification of labour power to pass through* (*'muri' wo tōsu kikō*). This is precisely the point on which capitalism historically forms itself into a determinate form of society, and further, is what makes it independent in pure-economic terms. Like land, it is a so-called given for capitalism, one that is given from its exterior, but unlike land it can be reproduced, and by means of this reproduction becomes capable of responding to the demands of capital put forward through the specific phenomenon of capitalism called crisis.[134]

The law of population, for Uno, generates stages of development of capitalism by the extended reproduction of the labour power commodity. Uno also contrasts this with the narrative of primitive or original accumulation: once the labour power commodity has been established and can be reproduced by its own means, it is able to determine the development of capitalism, as well as the speed of higher development of the productive forces by itself:[135]

> The stages of development of capitalism are themselves determined through the mechanism of the extended reproduction process of labour power as a commodity. Capitalism in its beginning has, in its necessity for labour power for its own development, in contrast with consolidating and going through the so-called accumulation process of capital, gone through the circulation of cyclical economic boom in its developmental phase. This is guaranteed by the higher development of the con-

132 Ibid. Emphasis added.
133 Uno 1974 [1962], p. 46.
134 Uno 1974 [1970], pp. 426–7. Translated and quoted in Walker 2012, p. 170.
135 Uno 1974 [1962], p. 36.

> solidation of capital and the formation of a relative surplus population. As a deliverer of labour power, capitalism itself becomes autonomous. However, with increasing speed, higher development accompanies the growth of productive forces and at all times allocates the additionally necessary surplus population by itself.[136]

In 'The Three Great Economic Laws', Uno adds another aspect to the law of population overlooked by Marx, which would render its pessimistic, immiseration-theoretical impetus obsolete: original consumption. Because 'the consumption and production of labour power is of course to be thought of on the basis of its difference to the consumption and production of "things"',[137] it is 'strange' to omit the original consumption of things for the daily reproduction of labour power as an 'economic object'.[138] The strange 'externality' of the reproduction of labour power both constitutes and withdraws itself from the law of population, as the angle from which the 'peculiar' norms of a capitalist society must be viewed. We will return to this point soon. As we have seen, the problem of the method in *Capital*, as Uno sees it, is that Marx *conflates* the levels of the presentation of pure theory with historical contingencies so that they do not stand to the requirements of the principles of pure capitalist society. This allegedly also renders his 'law of immiseration' problematic, as it is reflected in Marx's alleged conflation of the theory of relative surplus population with the historical situation in mid-nineteenth-century England – a conflation, which brings about a 'theory of immiseration' and the concept of the 'industrial reserve army' of labour as an 'absolute general law'. Though Uno does not quote the full passage, he specifically refers to a passage in the section on 'Different Forms of Existence of the Relative Surplus Population. The General Law of Capitalist Accumulation' in Chapter 25 of *Capital* Volume I:

> The greater the social wealth, the functioning capital, the extent and energy of its growth, and therefore also the greater the absolute mass of the proletariat and the productivity of its labour, the greater is the industrial reserve army. The same causes which develop the expansive power of capital, also develop the labour power at its disposal. The relative mass of the industrial reserve army thus increases with the potential energy of wealth. But the greater this reserve army in proportion to the active labour-army, the greater is the mass of a consolidated surplus population,

136 Uno 1974 [1962], p. 28.
137 Uno 1974 [1969], p. 21.
138 Uno 1974 [1969], p. 21.

> whose misery is in reverse ratio to the amount of torture it has to undergo in the form of labour. The more extensive, finally, the pauperized sections of the working class and the industrial reserve army, the greater is official pauperism. *This is the absolute general law of capitalist accumulation*. Like all other laws, it is modified in its working by many circumstances, the analysis of which does not concern us here.[139]

It is however precisely the 'modifications' by 'many circumstances' that interest Uno here. According to Uno, Marx places insufficient emphasis on the 'renewal of constant capital, so that the law of population as the special leverage of modern industry [serves as] the basis for the range of economic boom'.[140] It is clear from this observation that Uno is more interested in the 'positive' effect – positive for the intents of capital to accumulate a surplus – of the dynamics of population than he is in the prospects for poverty on a general scale. The accumulation of wealth 'at one pole' that is 'at the same time accumulation of misery, the torment of labour, slavery, ignorance, brutalization and moral degradation at the opposite pole, i.e. on the side of the class that *produces its own product as capital*'[141] plays an insignificant role for the law of population within the pure principles. In Uno's view, this cannot be generalised for late developing countries with their stronger emphasis on great industry, steel production and the absorption of greater masses of the working population. Quite to the contrary: the law of population can of its own accord determine the extent of capitalist accumulation via extended reproduction at a certain level of capitalist development. Two aspects go unnoticed in Uno's refutation of Marx's law of accumulation as an explanation for general impoverishment: a) that extended reproduction does not denote a 'step' taken at a certain stage of the development of capital, but that, under the condition of the capitalist mode of production, 'simple reproduction' *already presents* 'extended reproduction',

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139 Marx 1976, p. 798. Original emphasis. The last two sentences quoted in Uno 1974 [1962], p. 23.

140 Uno 1962, p. 23. It is interesting to see how this observation is directly informed by Hilferding's assessment of the business cycle in connection with population growth: 'The cycle begins with the renewal and growth of fixed capital, which is the main source of the incipient prosperity', stimulated by such factors as 'the opening of new markets, the establishment of new branches of production, the introduction of new technology, and the expansion of needs resulting from population growth'. The boom in demand and the shortening of the turnover time of capital raises the rate of profit as the result of 'improved conditions for the valorisation of capital'. Clarke 1994, p. 35. Clarke quotes from Hilferding 1981 [1910], pp. 258–61.

141 Marx 1976, p. 799. Emphasis added.

and b) that, to the contrary, the 'stage' of production on a greater scale historically and empirically was not able to absorb a greater mass of the working population. To begin with the latter: as Marx presents in Chapter 15 of *Capital* Volume I, at the beginning of the introduction of new technologies in transport and communication – Marx counts 'gas-works, telegraphs, photography, steam navigation, and railways' among the 'chief industries' of this kind – 'the total number of persons … employed in these five new industries amounts to 94,145'.[142] As Aaron Benanav and John Clegg point out, they were all 'highly mechanised and relatively automated processes'. With the total employment in these lines amounting to less than 100,000 workers, 'compared to over a million in the textile and metal industries whose workforce was then shrinking as a result of the introduction of machinery', they continue:

> From these statistics alone it is clear that the industries of the second industrial revolution had not absorbed anything like as much labour as those of the first in the moment of their initial appearance. In chapter 25 Marx provides additional statistical evidence that, from 1851 to 1871, employment continued to grow substantially only in those older industries in which machinery had not yet been successfully introduced. Thus Marx's expectation of a secular trajectory of a first relative then absolute decline in the demand for labour was born out by the available evidence in his time.[143]

Grasping this contradictory secular development of the production of a permanent relative surplus population on the one hand and higher shares in profitability (concentration and centralisation of capital), i.e. greater accumulation on the other hand, in terms of the 'cyclical demand' for labour, in the sense of a 'compensation'[144] for a previous phase of higher unemploy-

142 Marx 1996 [1867], p. 449.

143 Benanav and Clegg 2014, p. 592. For the statistical evidence, see Marx 1976, pp. 802 ff. For more statistical evidence of the most recent trajectory, see Benanav and Clegg's theorisation of deindustrialisation of the last decades, theoretically building on Marx's theory of immiseration, in Benanav and Clegg 2018.

144 In fact, Marx directs his critique of 'business cycle'-style understandings of capitalist reproduction and accumulation directly against its aspect of 'compensation': 'Although machinery necessarily throws men out of work in those industries into which it is introduced, yet it may, notwithstanding this, bring about an increase of employment in other industries. This effect, however, has nothing in common with the so-called theory of compensation. Since every article produced by a machine is cheaper than a similar article produced by hand, we deduce the following infallible law: If the total quantity of the

ment, falls short of understanding what Benanav and Clegg term 'the crisis of the reproduction of the capital-labour relation',[145] and what we would term capital's crisis of *valorisation*. The crisis of valorisation is conditioned by its own contradictory incentive of minimising labour inputs, while holding fast to (abstract) labour as the only source of value. In this sense, simple reproduction, conditioned by the wage form, is already extended reproduction: 'Just as labour must return to the labour market to replenish its fund of wages, so too capital must return to the capital market to reinvest its profits in an expansion of production'.[146] The extended reproduction of labour power as a commodity at no point denotes the independent variable enabling different scales of capitalist accumulation and development. Wages, that component of productive capital which alone enables valorisation, and hence, the capitalist form of production, forms the *quantitatively dependent* variable, which is crucially shown in capital's indifference to the accumulation of poverty 'at the opposite pole'.[147] In fact, the quantitative ratio of the working population to the industrial reserve army at no point indicates a problem for the valorisation and profitability needs of capital. We will return to this in more detail in our conclusion at the end of the section. Uno however *reduces* Marx's notion of the industrial reserve army and the 'specifically capitalist law of population' to a theory of the fluctuation of the working populace in relation to the accumulative demands of capital. If this were the whole story, Marx's ideas would be easily adjustable to the Schumpeterian theory of cyclic growth (which Uno, in fact, adopts). But business cycles can never explain the general secular and especially *irreversible* tendency of capitalist accumulation, in that times of 'recovery' mean a recovery for *capital*, but not a general recovery for

article produced by machinery, be equal to the total quantity of the article previously produced by a handicraft or by manufacture, and now made by machinery, then the total labour expended is diminished. The new labour spent on the instruments of labour, on the machinery, on the coal, and so on, must necessarily be less than the labour displaced by the use of the machinery; otherwise the product of the machine would be as dear, or dearer, than the product of the manual labour. But, as a matter of fact, the total quantity of the article produced by machinery with a diminished number of workmen, instead of remaining equal to, by far exceeds the total quantity of the hand-made article that has been displaced'. Marx 1996 [1867], p. 445.

145 Benanav and Clegg 2014, p. 586.

146 Benanav and Clegg 2014, p. 587.

147 Marx 1976, p. 799. See also Marx 1976, p. 770: 'To put it mathematically: the rate of accumulation is the independent, not the dependent variable; the rate of wages is the dependent, not the independent variable'. We will come back to this important passage at the end of this chapter, and discuss it in more detail in the context of Uno's theory of crisis in Chapter 4.4.

employment. The industrial reserve army is not a 'pool', which can be potentially exhausted, as Uno thinks. Its constitution is based on its inexhaustability, i.e. on the development of an *absolute redundancy* of labour against capital in the course of concentrated accumulation. As Marx makes clearer in the French edition of *Capital* Volume I, 'the higher the organic composition of capital, the more rapidly must accumulation proceed to maintain employment'.[148] However, the *effect of accelerated accumulation itself* is the growing redundancy of labour, lesser demand for it. Because capital cannot invert its level of the development of the productive forces, it cannot invert its repulsion of labour. The 'renewal of constant capital' that Uno holds as a leverage factor in the phase of depression is not revoked as soon as profitability is restored: the workers 'set free' in this phase do not return to their workplace, once capital valorises its invested share. One does not have to recall the 'digital revolution', platform capitalism, full automation, etc., to see this manifestation of the redundancy of labour expended in the production process. Hence, the establishment of a permanent industrial reserve army is an irreversible tendency inherently constituting the contradiction in the law of valorisation. 'Labour power shortage', which Uno identifies as the primary cause for crisis, has, in fact, nothing to do with it. In this sense, Anwar Shaikh reminds us that, incidentally, '[the] labor supply is not the ultimate limiting factor for production precisely because involuntary unemployment is normal'.[149] But in the course of its chronic manifestation, the redundancy of labour expresses itself also as the *redundancy of the unemployed*. In other words, the working class produces its own conditions of possibility as the conditions of its *impossibility*. It therefore reproduces its own abolition as the working class and, hence, its conditions as paupers, as surplus proletariat, or in short, as the proletariat.[150] Marx concludes:

> Finally, the law which always holds the relative surplus population or industrial reserve army in equilibrium with the extent and energy of accumulation rivets the worker to capital more firmly than the wedges of Hephaestus held Prometheus to the rock. It makes an accumulation

148 Marx 1989 [1872–5], p. 552. Quoted in Benanav and Clegg 2014, p. 591, without reference to the source. I'd like to thank Riccardo Bellofiore for his help in determining the source.

149 Shaikh 2016, p. 639.

150 'Proletarian' must be understood to mean, economically speaking, nothing other than 'wage labourer, the man who produced and valorizes "capital", and is thrown onto the street as soon as he becomes superfluous to the need for valorization possessed by "Monsieur Capital", as Pecquer calls this person'. Marx 1976, p. 764, footnote.

> of misery a necessary condition, corresponding to the accumulation of wealth. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, the torment of labour, slavery, ignorance, brutalization and moral degradation at the opposite pole, i.e. on the side of the class that produces its own product as capital.[151]

The stakes of Marx's argument lie in the fact that it is on the side of the class that '*produces its own product as capital*' that the 'accumulation of misery' takes place. The emphasis lies on the claim that *if* there exists a class which 'produces its own product as capital', i.e. which, by virtue of selling its labour power, renounces all property titles to the final product it has created, which has always-already withdrawn its 'natural right' to the use value of the product, the aggravation, intensification and extension of misery and pauperism becomes a *general* social and historical fact. Theoretically, therefore, the process of the working class's own 'superfluous-rendering' (as surplus proletariat, as paupers, as 'Lumpenproletariat') must be understood *from the wage relation* as the relation between capital and labour itself, even though, strictly speaking, the unemployed 'surplus proletariat' no longer *exists* in this relation. Indeed, one cannot understand the formation of the surplus proletariat in abstraction from the wage form. Here, Benanav and Clegg make the important observation that '[wage] labour is inseparable from the accumulation of capital, from the accretion of labour-saving innovations, which, over time, reduce the demand for labour'.

> It might seem that the abundance of goods, which results from labour-saving innovations, must lead to an abundance of jobs. But in a society based on wage-labour, the reduction of socially necessary labour-time – which makes goods so abundant – can only express itself in a scarcity of jobs, in a multiplication of forms of precarious employment.[152]

Michael Heinrich in this context thematises the *intensity* vs. the *extensity* of immiseration in the course of the capitalist accumulation process. Against the traditional understanding of immiseration theory (*Verelendungstheorie*) of an either absolute or relative immiseration of the working class[153] in terms of

151 Marx 1976, p. 799.

152 Benanav and Clegg 2014, p. 593.

153 An absolute immiseration would imply wage reduction and the general deterioration of the living conditions of the working class, while a relative immiseration theory would argue that despite wage rises and the improvement of the living conditions of the work-

intensity – i.e., in terms of the scale or level of the deterioration of its reproductive conditions – he posits the interpretation of the general law of capitalist accumulation indicating a greater *extensity* of pauperisation. With regard to the Marx quote, he argues that 'whether the misery of these "pauperized sections of the working class" (*Lazarusschichten der Arbeiterklasse*) increases in the long run, is not addressed by Marx at all. In this sense, it is not an "immiseration theory" in the above sense [as a theory of the intensification of the misery of the working class, ELL]. The "general law of capitalist accumulation" much rather signifies the *extensity* of these poorest layers of the proletariat as a result of the extension of the industrial reserve army'.[154] Hence, Marx's notion of the 'accumulation of misery' refers to the *expansion* of the industrial reserve army in the course of accumulation. It is *this process*, the increasing extensity or expansion (quantity, not quality) of the relative superfluousness of the working class produced by the working class itself, that Marx identifies as the 'law of population peculiar to the capitalist mode of production', namely, that the working population 'produces both the accumulation of capital and the means by which it is itself made relatively superfluous; and it does this to an *extent which is always increasing*'.[155] Pure theory's 'business cycle' approach, which Uno mobilises against the general law of capitalist accumulation, excludes the insights drawn from Marx's elaborations not as a 'contingent' historical manifestation of the capital relation, but its logical consequence – which manifests itself concretely and historically. This however is *not an effect* of the historical tendencies of capitalism's actual manifestations, but rather an effect of the *implementation of a social form of production* directed solely at (surplus) value, not at use value. Uno underestimates the *contradictory* character of the accumulation of wealth that necessitates the accumulation of the irreversability of poverty – 'Accumulation of capital is therefore multiplication of the proletariat'[156] – and its theoretical significance for evaluating the empirical evidence of mass poverty, regardless of its geographical and historical embeddedness. In sum, Uno, fatally ignoring the purpose and aim of the capitalist mode of production and the growing redundancy of labour indicated by the wage form itself, rejects the general law of capitalist accumulation as a faulty 'law of immiseration', pointing to the leverage function of fluctuations in the working population determined around the wage as an independent variable. This latter point will now receive

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ing class, social wealth has accumulated more quickly, so that in relation to general social wealth, the conditions of the working class have deteriorated.

154 Heinrich 1999, p. 325.

155 Marx 1976, pp. 783–4. Emphasis added.

156 Marx 1976, p. 764.

greater attention. In the following, we shall therefore examine the second function of the law of population in Uno's interpretation in more detail: the new determination of the value of labour power. Because, for Uno, the capitalist (re)production process hinges on the fact that the commodification of labour power (as the consumption process of workers) cannot be performed by capital itself, labour power shortage presents an *impediment to valorisation*, leading to crisis. For Uno, this is the more general framework to the law of population. From here, we can elaborate in more detail on our objection to Uno's claim that labour power shortage should play a role in the crisis tendencies of capital by pointing to its truncated grasp of the contradiction of the law of value itself, which is *not located in the sphere of consumption*. It is located in the direct contradiction of the laws of the creation of surplus value with the laws of its realisation.

2.2.2 *... For the 'Law of Population' as a New Determinant of the Value of Labour Power*

As the methodological reference point for the theory of principles, the 'law of population' as a rejection of the theory of immiseration and the new determination of the value of labour power are closely related. For example, in the section on 'The Three Great Economic Laws that Govern Capitalism' in *The Political Economy of Capital* (*Shihonron no Keizaigaku*), Uno notes that the realm of consumption has been treated 'external to the objects of political economy'.[157] Uno is here primarily motivated by an objection to Marx's determination of the value of labour power as 'the labour-time necessary for the production, and consequently also reproduction, of this specific article':[158]

> Marx ... determined the value of the labour power commodity by the labour time required for its reproduction, but while doing it, as if to add, corrected it by saying that this resulted in the labour time needed for the production of the workers' means of subsistence. However, the workers' means of subsistence are neither qualitatively nor quantitatively constant. For Marx, they are on the one hand determined by *natural* circumstances, and on the other formed by *historical* ones. But I think that these historically formed circumstances are determined by the law of population.[159]

157 Uno 1974 [1969], p. 21.
158 Marx 1976, p. 274.
159 Uno 1974 [1969], p. 21.

The latter point is decisive: Marx has pointed to the 'historical and moral element' of the value of labour power determining various levels of 'need' of the workers throughout the history of civilisation (and also due to natural, i.e. 'climatic' conditions). But according to Uno, Marx has never successfully managed to determine *this very level*, or indeed, the nature of the modifications of the wage level itself. For Marx,

> [the worker's] natural needs, such as food, clothing, fuel and housing vary accordingly to the climatic and other physical particularities of his country. On the other hand, the number and extent of his so-called necessary requirements, as also the manner in which they are satisfied, are themselves products of history, and depend therefore to a great extent on the level of civilisation attained by a country; in particular they depend on the conditions in which, and consequently on the habits and expectations with which, the class of free workers has been formed. In contrast, therefore, with the case of other commodities, the determination of the value of labour-power contains a historical and moral element.[160]

Uno sees a blind spot at work in Marx's determination of the level of the value of labour-power or the wage, which Uno's theorisation of the law of population can supposedly fill. As for the fluctuations in the emergence of a relative surplus population adjusted to capital's accumulative demands, the essay 'The Value and Price of Labour Power. On the Specificity of the Labour Power Commodity' (*Rōdōryoku no kachi to kakaku. Rōdōryoku shōhin no tokushusei ni tsuite*), published in 1958, provides further speculation:

> Capital is something that cannot directly produce the labour power commodity, but through the formation of a relative surplus population in its accumulation process, it can indirectly produce it, so to speak. [By the formation of a relative surplus population], the demand for the labour power commodity is released from the constraints of the natural populace. This is the development of what Marx called the law of population specific to capitalism.[161]

We have seen that what Uno refers to as the 'adjustment' of the flows in the availability of labour power to the demands of capital is *not* what Marx refers

160 Marx 1976, p. 275.
161 Uno 1974 [1958]b, p. 132.

to as the 'law of population', but the *irreversible tendency of the redundancy of labour* in the development of the forces of production. Uno however insists on the wage as independent variable 'accustomed' to the accumulation demands of capital through the law of population. To understand and subsequently comment on this, let us briefly recapitulate the previous. Above, we have seen how, for Uno, the development of the forces of production leads not only to surplus capital, but to labour power shortage, because the labouring population cannot absorb the 'relative surplus of the means of production and means of subsistence'.[162] He relates this phenomenon to the cyclical flows of accumulation, in which the wage level acts as determinant, and which alone can induce a 'crisis', or rather depression. With the relative surplus of capital against labour power,

> labour power shortage (*hitode busoku*) in the so-called boom period leads to a wage rise. This eventually forms a surplus of capital (*shihon no kajō*) in the original sense. Because just as the accumulation of capital progresses, the surplus value earned as profit diminishes, and this is the fundamental element of the specific phenomenon of the capitalist commodity economy known as crisis. It is usually thought that crises occur because capital has produced too many commodities it is unable to sell. But even though such things may occur, in the anarchistic production that is the production of capital, still the price of abundantly produced commodities falls, whereas the price of commodities not sufficiently produced, rises. In between the two, capitalist production is socially regulated through the movement of price, so that at this point, it is regulated by the law of value.[163]

The 'anarchist' production of capital, for Uno, still must obey *some* rules, e.g. the law of value. Behind this is Uno's assumption of equilibrium price 'forging' the law of value as one of the 'Three Great Economics Laws Governing Capitalism'. Hence, Uno directly rejects what he discerns as a contradiction, as formulated by Engels in the *Anti-Dühring*, between the social and the private character of production, in that what the capitalist mode of production produces *socially* is *privately* appropriated by the capitalist class:[164] 'This explanation fails to

162 Uno 1974 [1969], p. 22.

163 Uno 1974 [1969], p. 23.

164 'The means of production, and production itself had become in essence socialised. But they were subjected to a form of appropriation which presupposes the private production of individuals, under which, therefore, everyone owns his own product and brings it to market. The mode of production is subjected to this form of appropriation, although

explain why periods of boom and periods of crisis occur repetitively'.[165] While we will return to the conception of the law of value as the law of equilibrium price at a later point,[166] here, the problem of labour shortage and crisis interests us: because contrary to Marx's view, the development from formal to real subsumption is accompanied by unabsorbable surplus capital, rather than an unabsorbable 'industrial reserve army', high wages can squeeze profits, so that capital is obliged to readjust its production techniques. What is crucial to Uno is that the incentive to technological innovation is not given by capital's drive to accumulation as the independent variable, but by the pressures a diminishing working population can place on the valorisation postulate. These pressures, then, are wage pressures, which manifest themselves as the 'historical element' of successful social reproduction imposed *from the outside of the direct production process*. The wage, in other words, presents the independent variable for Uno. It is the reproduction of labour-power as the 'outside' of capital's valorisation need that imposes a structural challenge to successful extended reproduction, and hence, valorisation. Moreover, because capital cannot 'directly' produce the labour power commodity, Uno sees a non-capitalist factor at work that infiltrates capitalist reproduction to an extent that can generate cyclical crisis. It is here that the commodity economy in the strict sense, namely a commodity economy in which labour power is forced to reproduce itself, thereby presupposing and continuously re-activating a sphere that allegedly lacks subsumption by the capital relation, governs and 'dominates' capitalist societies:

> Both the commodification of labour power and the de-skilling of labour, forming the internal basis to the law of population specific to capitalism that is the formation of an industrial reserve army, at last does not suffice for one social system. From the outset, labor power, which cannot be a product of the commodity economy itself, is passing through an 'impossibility' in order to be commodified like any other product. The basis of this passing through is given to a certain degree. In other words, as something historically limited, the commodity economy can by no means concretely 'commodity-economise' (*shōhin keizaika suru*) the whole of society …[167]

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it abolishes the conditions upon which the latter rests. This contradiction, which gives to the new mode of production its capitalist character, contains the germ of the whole of the social antagonisms of today'. Engels 1987 [1887–8], p. 258.

165 Uno 1974 [1969], p. 23.

166 In Chapter 4.2. of this volume.

167 Uno 1974 [1959], p. 12.

From here, Uno develops a general theory of business cycles directly from the relation between the fact that labour power is not produced by capital and the formation of a relative surplus population:

> … the basis of the establishment of capitalist society, the fact that the commodification of labour power is not a product of capital, as a contradiction that develops the crisis phenomenon from capital itself, clarifies the process by which capital, through forming a relative surplus population by the improvement of production methods during times of recession (*fukyōki*) actually leads to a solution. Here the necessity (of crisis) can be proven for the first time.[168]

The nexus between labour power as a non-product of capital, capital's accumulation process, labour shortage, and, ultimately, crisis, hence constitutes the 'historical element' of the determination of wage level:

> The relation between workers and capitalists determined within the industrial cycles of boom, depression, and recession, in other words, within the movement of the wage, *now also clarifies the historical element of the determination of the wage* itself. The value of the labour power commodity, even if reduced to one fixed amount of the value of the means of subsistence, is quantitatively and qualitatively determined by changes within the process of the industrial cycle. As such, for the first time, as Marx has said, the average circumference of the necessary means of production is determined.[169]

Marx, according to Uno, hadn't sufficiently considered the industrial cycle and its initial dependence on the availability of labour power, as well as the wage pressure accompanied by it. In this sense, Uno identifies the primary source of crisis in the fact of 'too few' labourers, in what capital cannot immediately influence by its own means. Instead, Marx had resorted to the 'theory of immiseration', which had no bearing on the mechanism of capital that pure theory sets out to designate. To the contrary: it may have had some relevance for 1830s–40s England, but it could not provide a general scheme of the actual significance of the law of population, in that it explains the origin, occurrence, and repetitive schema of the business cycle.

168 Uno 1974 [1969], pp. 23–4.
169 Uno 1974 [1969], p. 24.

However, does labour power shortage, which Uno identifies as the ultimate source of crisis, really pose an obstacle to capital's valorisation needs? Before we return in more detail to this question in the context of Marx's theory of crisis, we shall draw a general outline of The General Law of Capitalist Accumulation, which Uno rejects as the general framework of accumulation, as well as theoretically underlying the more 'specific law' of the Law of the Tendential Fall in the Rate of Profit. The General Law of Capitalist Accumulation, we believe, provides not only a more convincing and thorough answer, but conceptually traces the contradictory mode of the appropriation of surplus value – and not the static conception of business cycles and 'internal dynamics' and 'external limits' – to its general founding principle, namely the law of value and its disposition to quantification of increasing levels of abstract wealth.

The general take of Marx's analysis is that *neither the shortage of labour power nor wage rises present an impediment to accumulation*. In fact, the view of accumulation as dependent on 'the numbers of the working population'[170] presents a fetishism with regard to what *enables* accumulation in the first place. It is not an 'external relation between capital and the supply of labour-power',[171] but 'only the relation between the unpaid and the paid labour of the same working population',[172] the first of which capital appropriates as surplus value. Therefore, Marx explains the wage rise phenomenon in completely different terms than Uno, not as a consequence of labour shortage induced by the formation of 'surplus capital', but as an adjustment mechanism bringing labour power supply back into line with capital's accumulation needs, as labour is displaced by the displacement of dated technologies in favour of more advanced productive methods. The accumulation process therefore does not meet an obstacle in the form of rising wages, but on the contrary, *rising wages meet an obstacle in the form of capital's accumulation needs*:

> If the quantity of unpaid labour supplied by the working class and accumulated by the capitalist class increases so rapidly that its transformation into capital requires an extraordinary addition of paid labour, then wages rise and, all other circumstances remaining equal, the unpaid labour diminishes in proportion. But as soon as this diminution touches the point at which the surplus labour that nourishes capital is no longer supplied in normal quantity, a reaction sets in; a smaller part of revenue is capitalized, accumulation slows down, and the rising movement of wages

170 Marx 1976, p. 771.
171 Clarke 1994, p. 253.
172 Marx 1976, p. 771.

> comes up against an obstacle. The rise of wages is therefore confined within limits that not only leave intact the foundations of the capitalist system, but also secure its reproduction on an increasing scale.[173]

In the context of Smith's concept of the effect of different wage rates on profit, Marx discusses two alternative scenarios implied by a 'rise in the price of labour', i.e., a diminishing supply of labour power and its effects on accumulation, to show that *the former does not interfere with the latter*. First, the price of labour keeps on rising, but the progress of accumulation is intact. Marx quotes Smith to show that 'there is nothing remarkable in this', for after the profits are diminished, 'stock may not only continue to increase, but increase much faster than before … A great stock, though with small profits, generally increases faster than a small stock with great profits'.[174] The second scenario would be slackened accumulation as a result of the rise in the price of labour, because 'the stimulus of gain is blunted'. Here, accumulation lessens, but this simultaneously implies that the *cause* of that lessening itself vanishes, 'i.e. the disproportion between capital and exploitable labour-power',[175] through the introduction of labour-disposing techniques. Marx contends that neither of the two scenarios implies changes in the availability of labour-power or the working population:

> We see therefore that in the first case it was not the diminished rate, either of the absolute or of the proportional increase in labour-power, or the working population, which caused the excess quantity of capital, but rather the converse; the increase in capital made the exploitable labour-power insufficient. In the second case, it was not the increased rate, either of the absolute or the proportional increase in labour-power, or the working population, that made the capital insufficient, but rather the converse; the relative reduction in the amount of capital caused the exploitable labour-power, or rather its price, to be in excess.[176]

Marx follows that 'the rate of accumulation is the independent, not the dependent variable; the rate of wages is the dependent, not the independent vari-

173 Marx 1976, p. 771.

174 Marx quotes from the French translation, Smith 1802 [1776], p. 189. Quoted in Marx 1976, p. 770. 'Stock' = 'capital'. E.g., some capitals make short-term 'profits' by selling *below* its average rate, but *above* the initial price of their productive capital.

175 Marx 1976, p. 770.

176 Marx 1976, p. 770.

able'.[177] Marx however develops this from the more basic insight that 'the aim of capital' is never to produce use value, but *value*, and more specifically surplus value, and that it is this *specific mechanism of the quantification of the 'working population' for its own valorisation needs*, that undergirds its 'hunger' for profit. Wage rises or the 'profit squeeze' mechanism, as Marx notes twice in this passage, 'can never go so far as to threaten the system itself'.[178] In consequence, '[the] mechanism of the capitalist production process removes the very obstacles it temporarily creates'.[179] Crisis is therefore at no point induced by an 'external' or 'outside' realm to the valorisation postulate – the 'precarious' supply of labour power, the allegation that the reproduction of labour power was an 'element that capital itself cannot in essence control'[180] – but by its *inner* mechanism itself: in that abstract labour remains the only source of value while *disposing* of it in the search for maximum profitability. In this context, Clarke reminds us that theories of the 'absolute overaccumulation of capital', as the 'outline of a theory of crisis based on overaccumulation with respect to the supply of labour power',[181] fall short of determining the primary pattern of accumulation. Uno's assessment that 'unless this industrial reserve army is formed by capital itself, capitalism cannot posit the social foundations of its own establishment as one historical form of society',[182] equally misrecognises the form and function of the industrial reserve army, not as a 'pool' presenting the *sine qua non* of accumulation, but an effect of the immediate process of accumulation that has no bearing on capital's drive to lower production costs and input levels, particularly labour, 'at all costs'. In a direct comment to Uno's thesis, Gavin Walker contends that '[t]he fact that capital cannot itself produce the additional supply of labour power demanded for progressive accumulation places a restraint on its internal development'.[183] This view, too, derives from a truncated reading of capital's crisis tendency that we have discussed: the availability of labour power – 'too few' here or 'too many wage-workers in existence' there[184] – cannot present a limit to valorisation, because the only limit to valorisation is the limit to *surplus value* that capital places upon itself in its drive towards maximum profitability. This notably happens in the intra-sectoral competition forcing down the market price of productive capital

177 Marx 1976, p. 770.
178 Marx 1976, p. 769.
179 Marx 1976, p. 770.
180 Walker 2016, p. 115.
181 Clarke 1994, pp. 253–4.
182 Uno 1973 [1952], p. 497. Quoted in Walker 2016, pp. 130–1.
183 Walker 2016, p. 138.
184 Marx 1976, p. 771.

under its real value, forcing new productive methods that further accelerate the downward spiral. The barrier to the capitalist mode of production presents itself as both the falling rate of profit, conditioned by the crisis tendency analysed in the 'General Law of Capitalist Accumulation', and the very *mode of the appropriation of surplus value* itself. For capital, everything stands and falls with the question of *not* how much labour-power capital can absorb in terms of the absolute working population, but how much unpaid labour it can absorb in the immediate process of production. Because capital's sole interest is in the proportion of paid to unpaid labour and not that between 'production and social needs, the needs of socially developed human beings',[185] the conditions of the *production* of surplus-value collide with that of its *realisation*, i.e. the barrier to the realisation in the form of *money*. Yet, capital's movement shows that it is forced to absorb less and less labour power, and therefore systematically produces a surplus population it cannot absorb. In other words: capital's drive to extended reproduction finds a limit in extended reproduction itself. Nevertheless, the inability of capital to 'control' the reproduction, availability, and supply of labour power, remains the main axis of Uno's theorisation of pure theory. In the following, we shall discuss in a more epistemologically framed context the thesis of the commodification of labour power as the 'savage outside of capital', of that which is 'not really subsumed' under the commodifying and totalising structure of capital's drive to valorisation. The focus will be on the epistemological status of the notion of 'externality' in relation to the capitalist mode of production. Especially targeted will be the thesis, recently brought forward by Gavin Walker, of Uno's 'pure capitalism' as an abstract, unreal 'closed circle' that, because of the externality of labour power reproduction, has no bearing on reality, but must nevertheless pretend to posit a 'perfect smooth circle' for its self-functioning. This will allow us to *invert* this diagnosis of the capitalist predicament: it is not the 'closed logic' of capital that is the illusion, but the idea that it is 'open' – that there exists a use value-mediated realm which is not yet subordinated to the capital relation and therefore 'opens up' the 'space' for resistance. We term this a use value fetishism emerging from the conditions of capitalist mediation itself. This rough sketch of our argument will now be addressed in more detail.

185 Marx 1981, p. 367.

2.3 Pure Theory's Y-Axis: The Commodification of Labour Power

2.3.1 *Production and Consumption*

> … in 1956, after more than thirty years of intensive research into Marx's *Capital*, Uno Kōzō argued that he had discovered its theoretical essence, its microscopic expression, in the form of its fundamental 'mantra' or pure axiomatic distillation: 'the impossibility of the commodification of labour power' (*rōdōryoku shōhinka no muri*). This 'mantra' theoretically concretizes the problem that lurks behind every aspect of capitalist society, the essential and foundational moment that distinguishes Marx's advances in the critique of political economy put forward by Ricardo, Smith, Quesnay, and others.[186]

In the light of the previous, this seems like a strange proposition indeed. Not only has Marx at no point made this argument, but to the contrary: for Marx, this commodification is not only *not* impossible, but the basis to the actual modus operandi of capital. Neither has Marx therefore used the term of 'the impossibility' of the commodification of labour power, but instead rejected views in his critique of the 'economists' who interpret the phenomena of accumulation in terms of the availability of the labour power commodity.[187]

From where, then, does Uno draw the alleged importance of the conditions of the reproduction of labour power as a theoretical problem for Marx? For Uno, this problem was rather insufficiently scrutinised in *Capital*, which precisely gave Uno the incentive to reassess the 'historical element' in the level of the value of labour power through the law of population, at once also declaring the redundancy of the 'law of immiseration'. Yet, the question arises whether this alleged omission is an omission caused by the insufficient emphasis on the reproduction of labour power as an 'impossibility' for capital, or its basic *necessity*. For Uno, as we will see, it presents an omission of the *interrelatedness* of the two. In Chapter 2.1., we have seen that the 'remnants' of previous societies will be eliminated with the development and increase of the forces of production. This is crucial for Uno, because it provides the objective basis to capitalist society as an 'established fact' in and out of itself. However, for an autonomous economy commodity to be established as a historical society,

186 Walker 2016, p. 115.
187 Marx 1976, p. 771.

> it is neither simply the fact that products are exchanged as commodities, nor the fact that, as commodities, they are produced for exchange, but the fact that labour power becomes a commodity and production itself becomes organised through capital, that commodities produce commodities,[188]

which is decisive. It is only with such a kind of society that all the previous social relations have been eliminated. The 'total grasp of the reproduction process',[189] which the theory of the commodity economic principles must show puts the emphasis on the commodification of labour power as the 'basis' and the 'presupposition' of capitalist society.[190]

Uno conceptualises the purchase of labour power as a commodity as the key feature of the capitalist production process:[191]

> The production process of capital is not merely the purchase of the so-called means of production that are raw materials, instruments, machinery etc. as commodities. Through capital, the production process of things (*mono*) itself becomes the production process, because labour as such cannot be purchased as a commodity, and 'the power to work', or, in Marx's dictum, labour power is also purchased as a commodity.[192]

On the other hand, what constitutes a 'commodity economy' for Uno is the relation between workers and capitalists: 'I think that the fundamental and general law also governing a commodity economy is for the first time proven in the exchange process of commodities between the workers and the capitalists. As a standard for commodity exchange, the so-called law of value, too, forms one of the three great laws of capitalist society …'[193] Uno derives the 'fundamental

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188 Uno 1974 [1962], p. 27.

189 Uno 1974 [1962], p. 44.

190 Uno 1974 [1962], p. 46.

191 See also 'The Value and Price of Labour. On the Specificity of the Labour Power Commodity', originally published in *Shakai Rōdō Kenkyū* (*Studies in Society and Labour*), in Uno 1974 [1958]b, pp. 122–42.

192 Uno 1974 [1969], p. 13.

193 Uno 1974 [1969], p. 12. It is interesting to note here that after the Second World War there emerged an inner-Marxist, specifically 'Japanese' version of a debate about what was called the 'transformation problem' (*tenka mondai*) which had nothing to do with the theoretical transformation of values into prices of production, but everything to do with the transformation of money into capital, i.e., the sale and purchase of labour power. As Okuyama Tadanobu notes, 'The debate about the transformation of money into capital was a deep controversy bifurcating the Uno School into the theory of pure capitalism and

contradiction of capital' not from the law of value, but 'from the conversion of labour-power into a commodity'.[194] Here however, Uno conceptualises a *twist* in the determination of the labour power commodity as the 'angle' from which the capitalist nexus has to be viewed. What is matter-of-factly behind the sustenance of labour power, the source of surplus value which is the 'main objective of capital', are the *means of subsistence* needed to reproduce labour power. The substantial requirement for the appropriation and accumulation of surplus value – to which Uno mysteriously does not refer to in these passages – is not production as such, neither its vicissitudes, nor its continuing process of optimising the extraction and appropriation of living labour, but the acquisition of necessaries (food etc.) and other means of subsistence that guarantees the allocation of labour power:

> This point has certainly been neglected in political economy before. The production of labour power, the consumption of the daily necessaries, depends on consumption in the original sense (*honrai no imi de no shōhi ni yoru mono*) and surpasses the realm of commodity relations. By virtue of this point, the commodification of labour power is the commodification of something that originally should not have been commodified. Capitalism thereby becomes a strange thing that integrates the totality of the production process into commodity relations.[195]

The capitalist process of production, for Uno, therefore hinges on the 'original' consumption process of labour power as a commodity that is *not directly produced by capital*:[196]

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the theory of world capitalism. In this debate, both the theorists of pure capitalism as those of world capitalism assumed the understanding that the form of merchant capital and of metallic money capital were unstable at the roots of social existence. It was even said that these two do not go together with the law of commodity economy in the form of capital'. Okuyama 2016, p. 1.

194 Uno 2016 [1971], p. 19.

195 Uno 1974 [1969], p. 21.

196 'As a matter of fact, labour power is not originally produced as a commodity. It is not a commodity directly produced by capital, it is not a product of capital. In order for labour power to be sold as a commodity, it must be produced through buyable means of subsistence (*seikatsu shiryō*), so that the production of labour power in contrast to the production of commodities is nothing but the result of the original consumption process (*honrai no shōhi katei*). This point becomes clear in extended reproduction.' Uno 1974 [1962], p. 26.

> Labour power turns into a commodity, but even so it is not a product of capital. Generally, it is not a product (*seisanbutsu*) produced by the production process. Rather, by the consumption process of things (*mono*) we reproduce in our own human lives. Of course, as with other products and the means of production and labour power produced by the consumption process, Marx was right to say that production is also immediately consumption. However, I think that the difference between the production and the consumption of things must as a matter of course be considered in contrast to the consumption and the production of labour power.[197]

Uno's brief reference to Marx's reflections of the nexus of production, distribution, and consumption in the Introduction to the *Grundrisse* is useful here, as it arguably presents the longest and most coherent passage in Marx's oeuvre discussing the nature of consumption. However, the point of the whole passage, disguised as a Hegelian 'unfolding of moments' of the reproductive totality, is to designate *production as the primary locus of the mediation*.[198] Hence, the 'simple identity' between production and consumption is not that easily stated, not least because the 'consumption of labour power' denotes the actual production process of capital, as the specifically capitalist labour process. The identity of production and consumption is therefore a Hegelian fallacy for Marx, posited both 'by socialist belletrists' and 'prosaic economists' like J.B. Say, 'in the form that when one looks at an entire people, its production is its consumption. Or, indeed, at humanity in the abstract'.[199] But this abstract, or, more precisely, transhistorical view, disregarding the specific social form of production implied by the capital relation, crucially misses that consumption or the realm of use value is never the aim of capitalist production. Again and again, Marx emphasises this, a point to which we will return again as the *differentia specifica* of Uno's conception of the capitalist production process. For Marx, consumption in the private lives of workers is subsumed to the form determination of the production process. Hence, even the form of consumption is ultimately determined by the form of production. This is the actual significance

197 Uno 1974 [1969], p. 21.

198 This is not to say that Hegel's dialectics sublates the conceptual moments 'as equals'. Being and Nothingness, e.g., are not sublated into 'Becoming' as *equals*: it is Being that receives a 'stronger' semantics here in the form of further determined 'Being'. In this sense, the first book of the *Logic* is the *Logic of Being*, not the Logic of Nothingness, giving predominance of the former over the latter. This semantic predominance of one moment of the contradiction over the latter is precisely the motif for the conceptual movement. Were they merely 'equal', no conceptual movement could take place.

199 Marx 1973, pp. 93–4.

of Marx's famous statement that '[hunger] is hunger, but the hunger gratified by cooked meat eaten with a knife and fork is a different hunger from that which bolts down raw meat with the aid of hand, nail and tooth. Production thus produces not only the object, but also the manner of consumption, not only objectively, but also subjectively', to conclude: 'Production thus creates the consumer'.[200] In an economic mode of production that draws the legitimacy of its modus operandi from the single objective of maximum profitability, workers' consumption cannot form any kind of incentive. They cannot consume more than they earn in the form of the monetary wage, which presents only a fraction of the productive capital at the initial production cycle. Though this is not the place to discuss the question of the origin of surplus (we will return to it in Chapter 4.2.), what is important here is that consumption presents a moment, albeit a *necessary* moment, in the cycle of valorisation – but it cannot *unsettle* or *undermine* it.[201] Here is where Marx emphasises production as 'predominating' not only 'over itself … but over the other moments [consumption, distribution] as well'.[202] Consumption's subordination to the form of production, in which the latter is the 'actual point of departure and hence also the predominant moment (*das übergreifende Moment*)' is however not only confined to the capitalist mode of production, although here, it is wholly removed from the realm of this mode's *incentive*. Long before any form of organised production, in periods of conquest and pillage, production subordinated consumption or distribution and thus goes back as far as human societies existed:

> It is a received opinion (*althergebrachte Vorstellung*) that in certain periods people lived from pillage alone. But, for pillage to be possible, there must be something to be pillaged, hence production. And the mode of pillage it itself in turn determined by the mode of production. A stock-jobbing nation, for example, cannot be pillaged in the same manner as a nation of cow-herds.[203]

For Uno however, the realm of consumption counterfactually becomes the primary locus of the 'possibility' of capital, namely as its 'impossibility', its 'outside', or that which threatens to disconnect or unsettle the 'smooth circuit' of accumulation. In the following, we will show why this view is mistaken.

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200 Marx 1973, p. 92.

201 Unless of course under the nonsensical hypothesis that all wage workers starve to death.

202 Marx 1973, p. 99.

203 Marx 1973, p. 98.

2.3.2 *The Reproduction of Labour Power as the 'Savage Outside of Capital'?*

While Uno leaves the reader in the dark as to the reasons for the 'impossibility' that labour power should be a product of capital – he merely asserts it – it is quite useful at this point to draw on Gavin Walker's extensive study,[204] because it presents a far-reaching attempt at a political conceptualisation and theoretical *explanation* of labour power's ominous status of 'impossibility' or 'muri'. As early as in 'The Specificity of The Labour Power Commodity' (1948), Uno imperturbably asserts:

> Labour power cannot be produced as an original commodity (*honrai shōhin*). This is because, according to Marx, labour power is 'the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being, capabilities which he sets in motion whenever he produces a use-value of any kind.'[205]

The labourer must sell it as a commodity, because he cannot himself 'produce a use-value of any kind'. That what the labourer himself once used is no longer useful to him and has instead turned into a commodity, is the ultimate standpoint from which the development of the commodity society has to be grasped.[206] What is decisive for Uno is that labour power, a sum of physical and mental capabilities, cannot be produced by capital, but only by the worker herself. But the specific, and indeed fascinating, capability of the specifically capitalist from of production, as we will counter, is that only in capitalism, these 'physical and mental capabilities', by *being quantified* in the *form of monetary wage*, become a *product of capital itself*. In the face of Uno's omission of a theoretical elaboration of his thesis, in the course of the following argument, we will proceed on the basis of the arguments presented by Walker in defense of Uno's crucial thesis.

For Uno, 'the goal of the selling of labor power is the acquisition of the necessary means of subsistence, i.e. the process of C-M-C'.[207] For Walker however, it is still impossible to argue that, in C-M-C, 'this initial C itself is produced as a commodity; here, what the laborer attempts to obtain, means of subsistence, are repeatedly cyclically consumed in order to nourish the body, that is, in order

204 Walker 2016. We will return to a more in-depth discussion in Chapter 5.3.
205 Marx 1976, p. 270.
206 Uno 1973 [1952], p. 486.
207 Uno 1973 [1952], 487. Quoted in Walker 2016, p. 117.

to live'.[208] So much is true. But on what grounds does Walker insist that the initial C is *not* produced as a commodity? Is 'C' (or 'W' [*Ware*] both in the German original and Japanese rendition) not precisely the symbol for the commodity, indicating that the products of the immediate process of capitalist production which is the object of Marx's analysis obtain *commodity form*, possessing both use value and *value*? Counterfactually, Walker argues that means of subsistence 'cannot already exist as *value*'.[209] He continues:

> Unlike any other commodity, the value of the means of subsistence that the labourer consumes is not at all converted into and retained as valorized in the form of labor power as a commodity as it appears in the production process. In other words, Uno argues, 'the exchange process between C' and C is interrupted, not by the production process, but by the consumption process'.[210]

But saying that production is both temporally and spatially 'interrupted' by consumption is trivial: workers eat in the cafeteria during their lunch break, they shop for groceries when they do not operate machines, sell medicine, teach schoolchildren, or write books, simply because it is physically (and probably also physiologically) impossible, not to say dangerous, to operate a belt loader or fly a passenger plane and shop for groceries at the same time. More importantly however, what does this 'mutual externality' of production and consumption *prove*? On this, we hear little from either Uno or Walker. What is decisive however is that the means of subsistence the workers consume are primarily produced as *values*:[211] as a particular product share in a national economy which Marx in Volume II of *Capital* calls Department II, the Means of Consumption,[212] that is exchanged *for money*, and therefore presents an irreducible share in the rate of profit for the capitalists of Department II. In other words, it is crucial to this discussion that capitalist mediation is a *monetary* one: the means of subsistence or consumption, like that of production, are monetarily mediated, i.e. exchanged for *money*, not for other use values. This understanding of the capitalist circuit is imperative for grasping Marx's intervention

208 Walker 2016, p. 117.
209 Walker 2016, p. 117. Original emphasis.
210 Walker 2016, p. 117.
211 Marx even suggests that the means of subsistence 'are a particular form of material existence in which *capital confronts the worker* before he acquires them through the sale of this labour-power'. Marx 1976, p. 1004.
212 Marx 1978, p. 471.

against classical political economy, as it is sadly missing from both Uno's and Walker's elaborations. In this vein, Walker continues: 'Even if it appears this way to the capitalist, who purchases labor power *as if* it were a commodity like any other, who consumes or uses up this labor power *as if* it were a commodity input in the production process, labor power is itself "the embodiment [*Inbegriff*] of those mental and physical capabilities existing in the corporeality [*Leiblichkeit*] and living personality of the human being"'.[213] True – but this conceptualisation of labour power in no way contradicts or even contests that 'those mental and physical capabilities existing in the corporeality and living personality of the human being' can – and indeed *must* – be bought with *money, and hence quantified for its use in the production of surplus value*. This is the whole point of Marx's double determination of the value of labour power as both the 'socially necessary labour time' needed to (re)produce the labour power commodity, as well as the 'socially necessary labour time' needed to produce its means of subsistence: in a form of social production based on monetary exchange, the former cannot be produced in *abstraction from the latter*. The latter however is only appropriated through money, and it is money alone that at once quantifies the means of subsistence needed for the production of the labour power commodity, and, *by the same token*, quantifies its input into the production-as-valorisation process as *variable capital*. By consuming the means of subsistence, the worker does not only reproduce herself, she reproduces *capital*. In this sense, the whole point of the wage form as the monetary expression of the value of labour power is that the quantification of reproduction simultaneously quantifies production, and that this is its *capitalist monetary* form: 'If production has a capitalist form, so too will reproduction'.[214] There is no 'baffling paradox' or 'circular logical moment'[215] in this determination of the reproduction of labour power, as Walker would have us believe. To the contrary: leaving aside the *monetary form* particular use values assume by necessity in their fetishistic mode of existence *as their common expression* – which alone gives them their particular capitalist form – is to misrecognise the specificity of the capitalist form of production:

Money is the crucial mediating form through which the order of value is actualised concretely and penetrates into the order of use value in its 'self-sufficiency', which is why for the Marx of 1844 it signals the 'corporeal existence' of alienation. In practical terms, the social autonomisation of the value-abstraction in money is expressed in the fact that, in the capitalist 'stage of

213 Walker 2016. p. 118. Walker quotes from Marx 1996 [1867], p. 177. Translation modified.
214 Marx 1976, p. 710.
215 Walker 2016, p. 118.

production', it is money that mediates all commodity exchanges (in the metamorphoses, C-M, M-C, etc.), acts as the nexus through which the essential elements of the reproduction process are brought into relation, 'forms the starting point and the conclusion of every valorisation process', and, crucially, schematizes future and past (or abstract and concrete) labour in the exchange of labour-power for wages.[216]

Leaving aside money also means to regress behind the use value-centric conceptualisations of social reproduction we find e.g. in Malthus and Say, but also in Ricardo's 'corn-model' of reproduction in which wages are not paid in money, but exclusively in corn as a direct means of subsistence.[217] As a result, with the separation of the means of production and the emergence of the free wage labourer – in other words, the emergence of the capital relation – social validation is tantamount to monetary exchange. Nothing that capital, in its drive for surplus value, can commodify, is exempt form this law – in fact, if there is something that capital cannot commodify, it has no social value, neither objectively nor subjectively. As Andrés Sáenz de Sicilia emphasises: 'Under capitalist social conditions, all things stand in relation to one another *as values*, and being such a thing is the condition for "social" existence'.[218] Walker further insists that what the form of labour power shows us is that capital's essence consists in this 'as if', this fundamental expression of its 'putative' or 'presupposed' character, because capital must treat labour power '*as if* it were a commodity like any other'. To this we answer that capital at no point 'treats' labour power 'as if' it were a commodity – labour power, in its very *form determination, is in fact a commodity*. If the relation between capital and labour is constituted by an 'as if', what would be the 'actual' essence of that 'as if'? It is only on the basis of this actual, and by no means 'putative' or 'presupposed' existence, that its capitalist form determination can be made both the object of analysis and critique. But Walker insists on the presupposition problem:

> … the individual's life-existence depends fundamentally on the means of subsistence, which in capitalist society already 'presupposes' that the production of this means of subsistence is undertaken by means of the commodity labour power.[219]

216 Sáenz de Sicilia 2016, pp. 141–2.
217 See Ricardo 1969 [1817], pp. 58–9.
218 Sáenz de Sicilia 2016, p. 139. Emphasis added.
219 Walker 2016. pp. 118–19.

But where is there a problem of presupposition? Without labour inputs in the form of the source of value in exploitable labour power, there would be no capitalist social relation to speak of. This is precisely the key structure of the real subsumption of labour under capital and the 'formalisation' of labour taking place under the conditions of the capitalist mode of production. Walker's contention that labour power is 'retrospectively made to have existed only during the process of production itself'[220] is not a logical 'impasse', but has practical, and therefore very rational reasons: the labourer, when contracted for a particular kind of work, usually provides an advance on the consumption of her own labour power in the process of production, because the wage is paid only *after* a particular unit of time (usually a month) has passed in which she has already expended her labour power. Most wage workers receive their pay check for January in February. This is neither a 'gap', a 'void element', an 'impossibility', nor an 'impasse' in the labour power commodity, not to speak of 'lacking a stable presence', or any kind of 'interruption' to the process of production, but its conventional form.[221] Here, Walker also mentions 'the existence of sufficient inputs of labor power' as yet another 'impossibility', 'the creation of a circuit of reproduction in which no outside, no space of slippage, remains', and which is characterised precisely by that 'slippage' or 'outside', namely 'the existence of excess labour that can be employed in future rising levels of production'.[222] But we have seen that the question of 'too many' or 'too few workers' is beside the point of capitalist valorisation, because what interests capital alone is the *ratio between paid and unpaid labour*, not the ratio between the working population and the industrial reserve army. Bizarrely, Walker leaves the production of relative surplus value completely unaddressed in this context, and hence also capital's need not to employ, but to *expel* as much living labour as possible from the production process, substituting it for technology etc. As a general diagnosis for Uno's conceptualisation of the 'impossibility' of the reproduction of labour power and Walker's subsequent commentary, we therefore detect a *blind spot of money* and, following from it, the specific *quality* of the capitalist form of social (re)production precisely consisting in the *quantification* of its relation to labour as *wage labour* that is missing from both Uno's and Walker's views.

But is this necessity of inner coherence, as Walker insists, really only an illusion? At least if we consult Marx's work, nowhere is the consumption process

220 Walker 2016, p. 119.

221 All of these expressions, see Walker 2016, p. 114; 118–20.

222 Walker 2016, p. 128.

of labourers addressed as an obstacle that may or may not undermine capital's appropriation of surplus value (which is ultimately capital's only interest), simply because the consumption process of labourers itself *depends* on the *moneyed mediation enabling valorisation*. For Marx, this is a *consequence* of the capitalist reproduction process itself. The internality of the reproduction process to the process of valorisation is the great strength of Marx's analysis. Walker's view that 'the means of subsistence – which would include not only food, clothing, and shelter but also necessary regimes of training, medical care, education, forms of subjectivation (sic), and so forth – must contain or encompass numerous qualitative aspects that *exceed or cannot be reduced purely to quantity*'[223] is quite mistaken.[224] For it is precisely the direct *expression* of the dominance of law of value that it *quantifies* all social relations as 'relations among things'.[225] The value abstraction as an objective, and simultaneously purely social *real abstraction* imposes itself on the qualitative (i.e. use value) to transform it into 'units of measure' (i.e. money) *in which alone capital can relate to itself as capital*. This imposition of value in its specific *monetary* expression onto the qualitative, i.e., use value aspect of social relations is precisely what characterises the capitalist production and circulation mode – and the latter cannot be separated from the former. We therefore argue against Walker that the diagnosis of the predicament must be inverted: the 'illusion' does not consist in the 'smooth circuit of capitalist accumulation'[226] or capital's 'uninterrupted interiority',[227] but to the contrary: it exists in the hypostatisation of a 'realm' that 'cannot be reduced purely to quantity'. Indeed, *this* is the 'dream' or 'fantasy' that capital fosters of itself – that it does not hinge on the pure quan-

223 Walker 2016, p. 141. Emphasis added.

224 Though Walker's theorisation is far from consistent: a shift from the presumption of the 'outside', 'excess', or impossibility (*muri*) of capital as form or 'site' of resistance – '… this impossibility [of the commodification of labour power] points us toward the field of resistance, a resistance-to-come that demands an endless and repeating production of the commons' (Walker 2016, p. 140) – towards the promotion of the self-abolition of the proletariat, which must assume capital as a contradictory *unity*, can be noticed: 'The "limit point" of this boundary is precisely the commodification of labour power, and therefore we can see directly that the self-elimination of the labour power commodity is the essential and ultimate aim of revolutionary politics'. Walker 2016, p. 150. While we present here our objection to the first view, we agree with the latter. It must be confirmed however that the first and the latter imply very different, if not oppositional conceptualisations of capital.

225 Walker 2016, p. 141.

226 Walker 2016, p. 134.

227 Walker 2016, p. 140.

tification of all social relations, that there is a 'savage outside'[228] which would exempt 'life' from the valorisation imperative, in short: that the fetish-character of capital was an accidental moment, not *the very instance* enabling the circle of valorisation. Regimes of training, medical care, education – why not mention the recreation and entertainment of the working class – are however exchanged *as units of commodities*, exchanged *for units of money*. To claim, as Walker does, that the 'indirect' production of the labour power commodity 'is located paradoxically outside commodity relations',[229] is absurd. Quantification, as we have seen, is the only way that capitalist society relates to itself, namely through the value form of money.[230] It is the *qualitative* or *use value* dimension evoked by both Uno and Walker, the 'savage outside' of capital, that should rather be diagnosed as grounding reductionist (i.e. circulationist) critiques of the capital relation that, to borrow Walker's term, 'paradoxically' prolong the existence of value as the structuring *modus operandi* of the economic form of the society we inhabit. The 'illusion', in other words, consists in the non-recognition of the deadly totality the value nexus enforces. The romantic desideratum of hypostatising an 'excess' or a 'rupture' to the monetary nexus instead marks a regressive standpoint with regard to the actual predicament, a predicament more fatal than Uno's critique of Marx's dares to suspect. In this context, a certain common objection to the real subsumption of labour under capital, or concrete under abstract labour, can be noted. In humor, social reproduction feminist Tithi Bhattaracharya comments that '[if] this were the whole story of *Capital*, then celebrations of its 150th birthday would be held at Wall Street'.[231] She probably does not realise just *how* humorous this comment is, especially for people reading *Capital* as a *Critique* of Political Economy, and not, as she obviously does, as Political Economy's *Apologetic*. The actual and real subsumption of use value under the quantifying real abstraction of value and socially necessary labour time is formulated as a *critique* by Marx, not as a cause for celebration. Although we will come back to the analysis of social reproduction, comparing Uno's and Marx's views in Chapter 4, as well as to problematising the supposed 'resistance' labour's private consumption process yields against capital in Chapter 5, we shall here briefly recapitulate and summarise Marx's view of consumption and the reproduction of workers, so as to posit it against Uno's (and Walker's) view that counterfactually transforms capitalist

228 Walker 2016, p. 109.

229 Walker 2016, p. 146.

230 This is also the main thesis of Engster's groundbreaking, as well as groundbreakingly extensive, study of money as 'measure, means, and method'. See Engster 2014.

231 Bhattaracharya 2019, p. 113.

reproduction into the reproduction of *use values*. It not only forgets that the production of use values *as the theoretical site of analysis* is beside the point for the *specifically capitalist relations of production* – i.e. for a historically determined form of production whose *raison d'être* is the 'limitless appropriation of abstract wealth', i.e. value – but that labour power as the source of surplus value itself becomes a *formalised* function of labour, with the effect that its own use value precisely consists in producing value, subordinating a form of production directed at needs to a form of production directed at the class-conditioned appropriation of profit. Therefore, there is no such thing as an 'independent existence of living labour'[232] under capitalist relations of production. The *muri* of the commodification of labour power cannot be upheld as the site of 'rupture' or 'break' (much less 'resistance') to the law of value, because it is itself *constitutive of this very law*. To briefly discuss this point and thus sum up the previous critique using Marx's own text, we will draw on the notion of the formalisation of labour constituting the labour power commodity in its essence.

As we have seen, the problem of quantification is precisely the problem of capital's measure, as that which makes capital relate to itself as a specifically historical form of production. This is the primary insight from Marx's critique of the fetish-character of the value form of money, that it quantifies what 'by nature' is impossible to quantify: the metabolism and the mental regeneration of humans. Under capital, this 'capacity', as the use value of labour power, receives a social form determination as the quantifiable labour power commodity, thereby serving its only function to become capital's source of profit. In this sense, the use value of labour power, the ratio of which to its value marks the direct source of surplus value, *appearing* as 'natural' and use value mediated, is directly mediated by capital's valorisation needs. What here appears as 'external' to capitalist valorisation (the workers' consumption) is the same as that which makes the exchange between capital and labour appear as 'equal', as though the use value of labour power were an aspect exempt from commodification, a *contradictio in adiecto*. Just because the capitalist pays for the value, not the use value of labour power, does not indicate that the site of the reproduction of that use value were 'outside' the valorisation nexus. The use value of labour power is reproduced by market commodities, purchased with the *monetary* equivalent of the labour power commodity's value. Sáenz de Sicilia here points to a 'double subsumption' of labour under capital, the 'generalized subsumpton of use-value to exchange value' and the commodi-

232 As, unfortunately, Sáenz de Sicilia maintains in a non-sequitur argument to his previous excellent analysis of real subsumption. Sáenz de Sicilia 2016, p. 231.

fication of labour power as 'the primary mode of socialisation'.[233] Because of this double nature to subsumption, 'rather than consumption needs and productive capacities directly constituting the unity of the social process … they now become "universally mediated" and unified by the abstraction of value.'[234] The formalisation of labour as the labour power commodity therefore precisely consists in its wage form: 'It is what enables the transition from labour's subsumption under commodity-value to its subsumption under capital, because the purchase of labour-power is the basis for its subsequent determination as activity … [it] is the means by which the worker, qua living labour … is incorporated into capital, functionally determined as one of the elements (the essential element in fact) of its life-process: variable capital'.[235] In Uno, the *monetary* expression of the value of labour power is structurally and epistemologically misrecognised and counterfactually substituted for 'original consumption' in the use value-nexus. He thus posits what is strictly *internal and constitutive* to the capital relation (the wage) as an 'outside' phenomenon, something 'out of the scope' of capital. Against this, Marx has time and again emphasised the wage system's centrality, also against the trivialising attempts of Bastiat to declare the wage as 'irrelevant' to the capital relation,[236] as the 'same-self' of capital:

> Capital and wage labour (this is what we call the labour of the worker who sells his own labour capacity) merely express two factors in the same relation. Money cannot become capital without being exchanged for labour capacity as a commodity sold by the worker himself. Labour, on the other hand, can only appear as wage labour when its *own* objective conditions meet it as egoistical powers, as alien property, value existing for itself and holding fast to itself, in short as capital. So if capital can only consist from the material point of view – or from the point of view of the use values in which it exists – of the objective conditions of labour itself, these objective conditions must from the formal point of view confront labour as *alien, independent* powers, as value – objectified labour – to which

233 Sáenz de Sicilia 2016, p. 138.

234 Sáenz de Scilia 2016, p. 140.

235 Sáenz de Sicilia 2016, pp. 144–5.

236 As Marx notices in a footnote: 'One can therefore conclude from this what an F. Bastiat understands of the essence of capitalist production when he declares the wage system to be a formality, external to capitalist production and irrelevant to it, and makes the discovery "that it is not the form of the remuneration which creates this dependence for him (for the worker) …"' Marx 1994 [1861–4], p. 414.

> living labour is the mere means of its own preservation and expansion. Wage labour, or the wage system, is therefore a necessary social form of labour for capitalist production, just as capital, potentiated value, is a necessary social form which the objective conditions of labour must assume for the labour to be wage labour. Wage labour is therefore a necessary condition for the formation of capital, and it remains the constantly necessary presupposition for capitalist production. So although the first process, the exchange of money for labour capacity, or the sale of labour capacity, does not enter as such into the direct production process, it does in contrast enter into the production of the relation as a whole.[237]

Already under the conditions of the *formal* subsumption of labour, the buyer of labour power confronts the seller as the owner of the objective conditions of labour (*objektive Arbeitsbedingungen*). As such however, as Marx says in the *Results*, the '*objective conditions of labour* (the means of production) and the *subjective conditions of labour* (the means of subsistence) confront [the labourer] as *capital*, as the monopoly of the buyer of his labour power'.[238] The means of subsistence, as the subjective conditions of labour *confronting the labourer as capital*, are never exempted from the value nexus. Arguably the most radical formulation of the inherent 'incorporation' of the 'natural conditions' for the reproduction of labour power into the valorisation nexus is to be found in Marx's remark that

> [it] is not a case of the worker buying means of subsistence and means of production, but of the means of subsistence buying the worker, in order to incorporate him into the means of production.[239]

In this sense, the conventional allegorical notion that 'at no point a labour power [sic] rolls off the assembly line'[240] shows a deep misrecognition of the

237 Marx 1994 [1861–64], pp. 413–14.

238 Marx 1976, p. 1026.

239 Marx 1994 MECW 34, p. 411. In the original: 'Es ist nicht der Arbeiter, der Lebensmittel und Productionsmittel kauft, sondern die Lebensmittel kaufen den Arbeiter, um ihn den Productionsmitteln einzuverleiben'. Marx 1988 [1863–7], p. 78. The Penguin edition here provides a fatal (and nonsensical) mistranslation: 'It is not the worker who buys the means of production and subsistence, but the means of production that buy the worker to incorporate him into the means of production'. Marx 1976, p. 1004.

240 Gonzales and Neton 2014, p. 152.

monetary function of the wage form, as that moment in the production process 'as a whole', which directly incorporates (*einverleibt*) and ties the worker into the labour-as-valorisation process that is the specifically capitalist form of social production. We should here also note that the category of use value (as 'original consumption'), being essentially mediated as a form determination of capital by its real subsumption under (exchange) value, is inadequate for 'opening up' a 'space of resistance' to capital.[241] Yet, in Uno, through the law of population and the 'impossibility' of the commodification of labour power, the category of use value presents the axis from which the 'pure theory' or the theory of principles of a 'pure capitalist society' should be comprehended. In the following, we should therefore turn more precisely to the central notion this volume critically analyses, and which had hitherto formed a constant shadow in the background of our investigation: Uno's theory of value. So far, we have noticed certain aspects of its theoretically inadequate treatment in Uno: first, in the dismissiveness of value's epistemological status in Uno's 'three-level-method', which we have shown is inconsistent with regard to its own object of inquiry. Second, as the 'axis' of the theory of principles, Uno's treatment of the law of population as the explicatory framework of crisis fundamentally misrecognises the primary pattern of accumulation and the logic of valorisation. Third, our analysis has shown that the diagnosis of the consumption process as capital's *outside* must be inverted – capital's illusion or 'fetishism' consists precisely in *hypostatising* this 'outside', where the sphere of consumption is presented as independent of the direct capital relation. The monetary expression of the value of labour power or the wage however 'always-already' subsumes the means of subsistence which confront the labourer as capital, as well as the means by which they are appropriated to the functioning of valorisation. We named this the 'formalisation' of labour under capital. Uno's use value-oriented view of the capital relation, in contrast, presents a fatal misrecognition of value as the at once *objective and social nexus* that is constitutive of the exchange relations under capitalist relations of production. In the next chapter, we will demonstrate how Uno further mobilises the sphere of use value against value in his examination of *simple circulation*. We will see how the apotheosis of the use value aspect of the commodity is exacerbated with regard to his basic theory of value, omitting what is crucial about Marx's own theory: the critique of the fetish character of the value forms. In our view, Uno's subalternisation of the analysis of the value forms of the commodity, money, and capital constitutes a theory of 'value without fetish', a theory of value disposing

241 We will return to this discussion, and Walker's conceptualisation of it, in Chapter 5.3.

of the critique of the capitalist relations of production. We will argue that it is precisely this disavowal of the fetish problematic which not only leads to a truncated and distorted reading of Marx's crucial criticisms of bourgeois political economy, but itself regresses to the bourgeois theoretical framework that Marx dedicated his conceptual vigour and theoretical pungency to overturning.

PART 2

The Object of The Critique of Political Economy

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CHAPTER 3

Uno's *Theory of Value* – Value without Fetish (1947–69)

> I do not deny Marx's labour theory of value. I only have doubts of the method of its proof.
>
> UNO KŌZŌ, 1965[1]

• • •

> (In economic theory), the confusion in the issue of money is for a big part characterised by what is understood by 'capitalism' – regardless whether the corresponding position is affirmative or critical.
>
> INGO STÜTZLE[2]

• • •

> Circulation, or the exchange of commodities, creates no value.
>
> *Capital* Volume I, p. 266.

• • •

Of the early works, *Value Theory* (*Kachiron*, 1947) presents Uno's most pertinent study in the substance (*jittai*), the form (*keitai*) and the 'essence' (*honshitsu*) of value (*kachi*). It also contains his first thoroughly conceptualised theory of money, set within a close commentary on the first 6 chapters of Volume I of *Capital*, opening an outlook onto *Capital* Volume II, and his main thesis to be elaborated in his later work, the *Principles* (*Keizai Genron*), about the theory of value as a theory of social reproduction. The discussion in *Value Theory* belongs to the 'theory of pure principles' or 'pure capitalism' within the framework of stage theory, as discussed in the previous chapter, even though the conceptualisation of stage theory as such is only outlined in the early 1950s. In this chapter,

1 In the foreword to the 1965 edition of *Value Theory*, Uno 1973 [1947], p. 196.
2 Stützle 2015, p. 177.

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we therefore evaluate Uno's earlier theoretical work to reconstruct his motivation for the theory of principles or pure theory, that introduces the second part of the present volume, 'The Object of the Critique of Political Economy'.

Saying that *Value Theory* is representative of the theory of principles in Uno's three levels-approach is justified on the basis that Uno has not made significant changes to his basic theory of value throughout his entire career. Later works such as the *Principles* (1950/52), in which the theory of pure capitalism is prominently discussed, but also the 1966 text 'Two Specific Terminologies in Marx's Political Economy: Fetishism and Metamorphosis' fundamentally draw on Uno's early results and even defend the position maintained in *Value Theory*. The monograph therefore informs Uno's theory of value as such and is not restricted to an 'early period' of his theoretical interest. In this chapter therefore, we will discuss the ideas developed in *Value Theory* in broad connection to his later value-theoretical approach.

Value Theory also forms the argumentative basis to the 'Debate on the Value form' (*Kachikeitai ronsō*) taking part within important figures and researchers of Marxist and classical political economy of the Capital Studies Group[3] at Hōsei University in Tokyo in 1947 which was first documented in a script of the roundtable discussion in a special series of the journal *Hyōron* that became known as the 'Value Debate' (*Kachiron ronsō*) of Japanese Marxism.[4] The script for *Hyōron* was re-published as the two-volume monograph *Shihonron kenkyū* (*Studies in* Capital) with Kawade Shobō in 1948 and 1949, subtitled 'The Commodity and The Exchange Process' (1948) and 'The Circulation Process' (1948), co-edited by Uno and Sakisaka Itsurō.[5] Because of this debate's theoretical and

3 Apart from Uno Kōzō, the discussion group consisted of political economists Aihara Shigeru (1909–93), Arizawa Hiromi (1896–88), Okazaki Saburō (1907–90), Kuruma Samezō (1893–82), Sakisaka Itsurō (1897–85), Suenaga Shigeki (1908–77), Suzuki Kōichirō (1910–83), Tsushima Tadayuki (1901–79), and Tsuchiya Takao (1896–88).

4 The first six 'Capital Studies' roundtable sessions were numbered 1–6 and the last three issues supplemented with subtitles, starting in January 1947 with issue 9 of the *Hyōron* (pp. 69–98 of the issue), and continued until April 1947 with issue 12 (Capital Studies, no. 4). After a break in May and June, the next issue appeared in July (issue no. 13) of 'Capital Studies' no. 5 (pp. 37–64, with the separate title 'The Fetish Character of the Commodity'). The discussion was taken up again between September and November (issues 14–16, with the sequence of subtitles: 'The Measure of Value', 'Means of Circulation', and 'Money') and concluded with the New Year's edition of January 1948 (issue 17), subtitled 'The Transformation of Money into Capital' (literally: 'The Capitalisation of Money'). The members of the group were taking notes during the discussion, which were the basis for the *Hyōron* edition. Many special thanks to Namiko Holzapfel for gathering the detailed information from the Hōsei Research Library.

5 It was re-published in 1958 with Shiseidō. The original version is not to be confused with Uno's

contemporary proximity to Uno's *Value Theory*, some of the debates' significant claims, made by Uno and others, regarding the method of value form analysis and the 'role of the commodity owner', will also be mentioned in this chapter. I will not take up a detailed analysis of the argument that has taken place especially between Uno and Kuruma Samezō that has been the subject of a previous article.[6] Since both aspects – the method of value form analysis and the role of the commodity owner – form crucial aspects of Uno's value theory, they present the cornerstone of our subsequent evaluation.

We will see why Uno's assumption that in order to understand the form of value, one has to bring in the *commodity owner* of the commodity in the relative form of value, has devastating consequences for Uno's understanding of Marx's project in *Capital*. This theoretical basis, informed by the emphasis on *use value* against *value* and the *mode of circulation* against that of *production* in Marx's conception, does not only affect the labour theory of value. It also prominently represents Uno's *theory of money as a nominalist theory of functional relations*, reminiscent of Samuel Bailey's functionalist theory of value as a forerunner of marginalist neoclassical economy, as well as echoing in some strands of Analytical Marxism that attempt to *separate* the labour theory of value from the theory of money, or discard them both as 'intellectually bankrupt'.[7] We will see that in Marx's conception, the separation of the labour theory of value from the theory of money precisely *dismisses* the problem of fetishism, and thus ironically invites a fetishistic interpretation of value. In this chapter, we will present Uno's emphasis on use value and the circulation process to prepare the presentation of value theory as a theory of social reproduction based on the reproduction of *use values*, that is the permeating claim of his later work, the *Principles*, and indeed the major hypothesis of the theory of 'pure capitalism'. The aim of this chapter is to show how Uno's intervention results in a theory of value without fetish, a theory stripped of the critical core of Marx's own theorisation of the capitalist mode of production, regressing to the *pre-critical* (*vorkritisch*) framework of classical political economy's theories of value and money.

The analysis of the capitalistically produced commodity forms the setting to Marx's analysis of the value form in Section 3 of the first chapter of *Capital*. The

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monograph *Studies in Capital* (*Shihonron no kenkyū*) that had been published with Iwanami in 1949.

6 See Lange 2014.

7 Elster 1986, p. 192. See also: 'The labour theory of value and the theory of the falling rate of profit are very poor specimens of deductive reasoning'. Jon Elster 1986, p. 188. This objection shows where Elster's insight into Marx's method is poor: Marx did not undertake any kind of 'deductive reasoning' to develop his key theorem. The opposition 'deductive-inductive' falls flat with regard to the analytical logic Marx uses in *Capital*. See Chapter 1.

aim of the analysis is to determine 'how, why, and by what means a commodity becomes money'.[8] Because more pertinently than in a commodity, value manifests itself in money or gold, 'value-as-such', constituting the 'dazzling' fetish character of the value forms, it forms the object of the inquiry in this crucial section. Marx therefore defines the task of the analysis of money as something

> never even attempted by bourgeois economics. That is, *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 the commodities from its simplest, almost imperceptible outline to the dazzling money-form. When this has been done, the mystery of money will immediately disappear.[9]

The 'important corrective to Marx' Uno allegedly made in determining a 'shift from Marx's fetishism of commodities to the more fundamental fetishism of money (and ultimately the fetishism of capital itself)'[10] will show itself instead to be a *derivation* of Marx's 'three particularities arising from the equivalent form', which serve as the *explanans* to money. Money itself is therefore *not an explanans, but an explanandum* that needs to be based on the particularities of the equivalent form that it assumes in the exchange of commodities, i.e. as 'value'. This specific *Problemstellung* informs Marx's analysis of the value form in the third section of the first chapter of *Capital* Volume I. Therefore, Marx expresses the task of the analysis of the value form in the need 'to show the origin of this money form', in the (apparently simpler) form of the commodity, and its double determination of use value and value. In other words, in declaring the concept of money instead of the commodity form as the basis of fetishism, Uno mistakes the *object of the analysis* – the 'dazzling money-form' – for the *analysis of the object*. By conducting the analysis of the money form from the vantage point of the 'double character of labour represented in the commodities',[11] Marx tracks down the fetish-character that the commodity form already assumes, and which finds a 'more complete' form in money. Excluding the commodity form from the analysis of fetishism, however, especially the inversion of concrete-useful and abstract-general human labour in the equivalent form of value, would therefore lead to a fatal misconception of

8 Marx 1976, p. 186.

9 Marx 1976, p. 139. Emphasis added.

10 Walker 2016, p. 12. Walker refers to Karatani Kōjin's appropriation of Uno's 'important corrective to Marx'.

11 'Doppelcharakter der in den Waren dargestellten Arbeit'. See Marx 2008, p. 949.

the fetishism already *at work* in money, from which the 'automatism' of the capital fetish can only be insufficiently explained. As we will show in more detail, Uno, in his demand for a strictly formal approach to a theory of money, an approach that brackets the significance of abstract labour to refer it – in very dubious fashion – to the production process, gives way to a functionalist reading that disregards the problem of the material expression of abstract labour already effective in the category of money. The theory of value, money, and capital however do not exhaust the topics of *Value Theory*. Building on his interpretation of value in a 'pure capitalist society', Uno concludes that the production of the means of livelihood (use values) is at stake in the reproduction process of capital, so that labour power always has to be readily supplied, even though it cannot be 'directly produced' by capital itself. This is the 'axis' of pure theory, as we have seen in the previous chapter, and what Uno occasionally – though not in *Value Theory* – terms the *muri* of labour power. At the heart of Uno's value theory lies the idea that the guarantee for capital's self-sustenance must be provided by the laws of capital circulation itself. In a nutshell, therefore, Uno's value theory is a theory of social reproduction in the ideal abstract of 'pure capitalism', but not a critique of how that social reproduction is *organised*.[12] In the following, we will examine the value theoretical basis for this assumption, starting with Uno's perspective on abstract labour.

3.1 The Problem of Abstract Labour in Uno's Theory of Value

3.1.1 *Transhistoricity or Historical Specificity?*

Value Theory in large parts assumes the form of a commentary on the first five chapters of *Capital* Volume I, while omitting the Fetish Chapter in Chapter 1 that only appears in the 'Conclusion' and anticipating the formulae of the circuits of the three different forms of capital (money, productive and commodity capital) in *Capital* Volume II. In the extensive introductory chapter to *Value Theory*,[13] in a section called 'Two or three Warnings about the Object and Method of Value Theory' (subheaded 'The Use Value of the Commodity'), Uno proposes that use value contrasted with value in the 'two factors' of the commodity must not simply be reduced to the status of the 'material bearer of exchange value', but has a social function as 'use value for others':

12 This is how Werner Bonefeld characterises what is 'at the center of the critique of political economy'. Bonefeld 2014, p. 1.

13 Uno 1973 [1947], pp. 201–65.

> … when the commodity form is given as against use value, we can discuss the commodity for the first time. Accordingly, a use value which acts as the bearer of exchange value can no longer be viewed [simply] as use value. Instead, we have to think of it as the use value of the commodity, as that which undergoes a transformation. A simple use value cannot become the bearer of exchange value. What kind of use value is the use value of the 'two factors of the commodity' against value? Needless to say, it is a 'use value for others' (*tanin no tameno shiyō kachi*).[14]

This thesis is indeed programmatic, as we will see.

In 'The Labour that constitutes Value', the first section of the first chapter of *Value Theory* ('The Substance of Value'), Uno attempts to undermine Marx's argument about the 'two-fold character' of labour, abstract labour and concrete labour, being productive of value and use value, respectively. For this, Uno takes up Marx's elaboration on different forms of production, from Robinson Crusoe stories of classical political economy to the 'association of free men' we find in the Fetish Section in the first chapter of *Capital*.[15]

> … it is not right to interpret [the production of use values and of value] by the double character of 'abstract human labour' and 'concrete-useful labour'. We need to acknowledge that, also for Marx, the meaning of the former lay in the point that it appeared as the thing that formed the commodity value. At the same time, the useful labour producing use value cannot be called 'useful labour' plain and simple … in Marx's example of Robinson Crusoe, but also in the 'association of free men, working with the means of production held in common, and expending their many different forms of labour-power in full self-awareness as one single social labour force',[16] this 'abstract human labour' and the 'concrete-useful labour' cannot be said to have an antagonistic character as in commodity production.[17]

Uno admits that abstract labour is the specific form of labour of commodity production as a social relation, especially in the production process, but criticises Marx for conceiving of abstract labour as a distinct feature or aspect of labour *in general*, as its physiological aspect:

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14 Uno 1973 [1947], p. 218.
15 Marx 1976, pp. 169–70.
16 Marx 1976, p. 171.
17 Uno 1973 [1947], pp. 271–72.

> On the one hand, all labour is an expenditure of human labour-power in the physiological sense, and it is in this quality of being equal, or abstract, human labour that it forms the value of commodities. On the other hand, all labour is an expenditure of human labour-power in a particular form and with a definite aim, and it is in this quality of being concrete useful labour that is produces use-values.[18]

Uno accuses Marx of failing to see the specificity of abstract labour in the production process of *commodities*. The physiological and transhistorical aspect of abstract labour as 'essentially the expenditure of human brain, nerves, muscles and sense organs … whatever may be its nature or its form',[19] serves as proof for Uno that Marx had failed to grasp the specificity of abstract labour in the production process of a 'commodity-economy'. Though the above Marx quote has often served as the 'proof' of the physiological, ahistorical character of abstract labour, if read carefully, the context in which it is set emphasises to the contrary that this 'physiological aspect' – being the content (*Inhalt*) or 'nature' of the determinants of value – is *not* that from which the 'mystical character' of the commodity, and hence, its *social* character, springs: 'The mystical character of the commodity does not therefore arise from its use-value. *Just as little does it proceed from the nature of the determinants of value*'.[20] Abstract labour, in other words, understood as the 'expenditure of human brain, nerves, muscles and sense organs', misses the point of the obfuscation taking place in the social character of abstract labour: namely its representation in *money*. The stakes, therefore, of Marx's meticulous analysis of the value form in Section 3 of Chapter 1 consist in showing that *abstract labour is money*, a fact that has not only been missed in Uno, but in the better part of what in recent years came to be known as the 'abstract labour debate'. This debate can be roughly divided into the advocates of the 'physiological', or better, 'transhistorical' reading of Marx's theory of abstract labour, in which the latter entails 'the *material* determination of that which in capitalist society is socially represented in the form of *value*'[21] and those propagating abstract labour as the capitalist, i.e. historically specific social form of labour which has nothing to do with any physiological 'expenditure of labour power', but is 'purely' social

18 Marx 1976, p. 137.

19 Marx 1976, p. 164, quoted in Uno 1973 [1947], p. 267. See also p. 271.

20 Marx 1976, p. 164. Emphasis added.

21 Starosta 2008, p. 16. See also Kicillof and Starosta 2007 and 2011, Wolf 2008a, Carchedi 2011, Saitō and Sasaki 2013.

and constituted in exchange.[22] It is important to stress however that Starosta, Saitō and Sasaki et al. do not deny the *social* dimension of abstract labour. Capitalist labour, they contend, requires a further specification, however, namely being 'private' and 'independent' labour performed in a social context of general commodity exchange.[23] The *conditio sine qua non* for value is therefore not abstract, but 'private' labour, whereas abstract labour is a transhistorical feature of *labour in general*, and therefore also a feature of labour in capitalist societies. But neither fraction seems to be interested in the *specific methodological question* that frames Marx's investigation of abstract labour, and that is the origin of money. Marx traces it back from the cell-form of the bourgeois economy, the commodity. For only because money 'is merely the reflection thrown upon a single commodity by the relations of all other commodities',[24] can it function as that which enables the *exchange* of these commodities. The labour needed to produce a commodity is concrete-useful labour, so that the labour that makes these commodities *relate to one another as commodities*, i.e. the relation of all commodities, cannot be one particular sort of labour needed to produce one particular sort of commodity. It is, instead, *labour in the abstract*, labour that represents[25] *all* the concrete-useful labours, but *none of them* in particular. It is *money*. Yet, without the concept of abstract labour as money – as the necessary appearance of value, namely its 'palpable' form – one could also not confront the justified objections by the 'transhistoricity'-faction against the 'purely social form'-faction. This is reflected in Bonefeld's failed attempt to escape the 'physiological' trap by determining abstract labour as the time socially specific to capitalist production. While he acknowledges objections of the 'transhistoricity'-faction, he leaves them unaddressed, leaving the two interpretations unreconciled. But only by risking one's professional integrity can one deny that Marx has *repeatedly* determined abstract labour physiologically, as 'human labour pure and simple', in the first chapter of *Capital*.[26]

22 Heinrich 1999, Murray 2000, Postone 1993, Arthur 2004, especially Bonefeld 2010. A further objection to the 'transhistorical' reading can be found in Ellmers 2017. His reception-historical objection contends that after the demise of the Ricardian school, subjective theories of value (Bailey et al.) were further 'gaining ground' (Ellmers 2017, p. 94), so that Marx felt the need to resist 'circulation theories of value' by stressing the material-physiological character of value-creating human labour. This however does not explain the schism in the historical/transhistorical determination of abstract labour following from this intervention.

23 This is especially emphasised in Starosta 2017.

24 Marx 1976, p. 184.

25 'Represents' here refers to all concrete-useful labours as they enter into the sphere of circulation.

26 'Products of labour' in abstraction from their 'useful properties' are 'merely congealed

How is this paradox – the social form determination of abstract labour specific to value and surplus value production in capitalism on the one hand, and its physiological, hence transhistorical determination, on the other – solved? We believe it is only solved by carefully regarding the *intent* of Marx's analysis of the value form, and that, as we have demonstrated above, is 'to show the origin of the money form'. It is in money, and money alone, that abstract labour, the 'expenditure of human labour-power in the physiological sense', without regard to the specific concrete use values it creates, receives *social validity*, and that is its historically specific, *capitalist form*. Only because abstract labour, as the muscle-burning of sugar, regardless of the specific kind of expenditure, represents *all* the concrete single labours, and *yet none of them specifically*, can it obtain a physical form in money. In the abstract labour debate, Uno would assume a third position: abstract labour is both a feature of labour in general, as a transhistorical mode of labour, existing alongside concrete labour (but never in opposition to it), and specifically capitalist by virtue of the production process. In its capitalist form, the difference between abstract and concrete labour comes to the fore in the process of production. Abstract labour and concrete-useful labour, as well as value and use value, are not specific to capitalist *distribution*, however, because in every society, the distribution of useful labours must be meaningfully adjusted. What is specific to the capitalist economy is its form of (mass) production. Uno's intervention therefore consists primarily in denying the relevance of abstract labour for the *process of exchange and distribution*. His position is hence in opposition not only to both the 'transhistorical' and the 'historically specific' fractions, but, more problematically, at odds with Marx's analysis of the value form showing money to be abstract labour.

In the section 'The Labour Creating Value' in Chapter 1 of *Value Theory*, Uno takes up the question of the character of labour creating value and the value determination of the commodity. He refers to the depiction of Robinson Crusoe in Marx's Fetish Chapter, claiming that 'while we certainly cannot say that what Robinson has obtained by his own labour are commodities',

> … these [the products of Robinson's work] are on the one hand use values, while at the same time they, being products of 'average labour time'

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quantities of homogenous human labour' (Marx 1976, p. 128); as such, they present the 'commodity values [*Warenwerte*]' (ibid.), '… the value of a commodity represents human labour pure and simple, the expenditure of human labour in general'. Marx 1976, p. 135. 'On the one hand, all labour is an expenditure of human labour-power, in the physiological sense, and it is in this quality of being equal, or abstract, human labour that it forms the value of commodities'. Marx 1976, p. 137.

> also clearly have another aspect (*betsu no ichimen*) … hence, it is not at all strange that 'those relations [between Robinson and the objects of his 'self-created wealth'] contain all the essential determinants of value.'[27]

What, for Uno, are the 'essential determinants' of value? When products assume commodity form, 'necessary labour time in the average' (*heikinteki ni yō suru rōdōjikan*) becomes the standard for the relative measure of each single product, and this is when these 'products', or 'things' (*mono*) are regarded as 'values'. In the same way that Robinson must distribute 'his total activity' into single useful-concrete labours, a total commodity society must do the same. This is not a problem for the labour of one single individual, but for the individual labour in a society, distribution poses a problem indeed. But 'necessary labour time in the average' alone does not turn a 'thing' into value. What renders a thing capable of possessing value is that 'necessary labour time in the average' turns the labour of the individual into 'labour that is demanded by society (*shakaiteki ni yō suru rōdōjikan*)'.[28] Throughout the text, Uno relies heavily on Marx's contention that '… nothing can be a value without being an object of utility. If the thing is useless, so is the labour contained in it; that labour does not count as labour, and therefore creates no value'.[29] From here, Uno attempts to show that there cannot be an opposition between human abstract productive of value and concrete-useful labour that produces particular use values:

> We must therefore understand 'The Double Character of the Labour Represented in the Commodities', which Marx explains in the second section of the first chapter of *Capital*, from this point of view: so-called concrete-useful and abstract human labour do not present two oppositional aspects. As an antagonism, they only come to the fore in their specific form in commodity production, a point of which we must be attentive.[30]

In the same vein that Uno brackets abstract labour for the question of distribution, he assumes the aim of the production of commodities to be the satisfaction of social needs, not the valorisation of value, i.e. in money. With this comes the dubious insight that concrete-useful and abstract labour do not present categories of value, distribution and exchange, but mere categories of a specific

27 Uno 1973 [1947], p. 268. Quote from Marx 1976, p. 170.
28 Uno 1973 [1947], p. 269.
29 Marx 1976, p. 131. Quoted in Uno 1973 [1947], pp. 270 and 280.
30 Uno 1973 [1947], p. 269.

form of production that implies large-scale, homogenous, and deskilled labour. Abstract labour loses its value-theoretical relevance in Uno's interpretation.

As we will see in the following section, Uno derives this conception of abstract labour as denoting a particular form of homogeneous, simplified and contentless labour from the idea that it coincides with the technical development of the capitalist production process. He thereby conflates abstract labour with a particular sort of *concrete* labour, namely – to echo Ingo Elbe's critique of Christian Iber's very similar argument – 'unqualified manual activity, or at least concrete labour in general. With it, abstract and concrete labour are no longer two different kinds of labour, but one and the same'.[31] Consequently, for Uno, both abstract and concrete labour have existed in every historical society in one form or another. Abstract and concrete labour are therefore *both* social kinds of labour and not opposing factors in the determination of social mediation in the capitalist process in particular. Hence, for Uno, the introduction of and the one-sided stress on abstract labour at the outset of *Capital* muddles the meaning of the value form. Anticipating the discussion of the methodological objection Uno makes against the 'premature' introduction of abstract labour in Marx's *Capital*, we will see in the following how Uno defends his claim[32] that only in the difference between dead and living labour in the production process (as described by Marx in Chapter 7 of *Capital* Volume I) can the distinction between abstract and concrete-useful labour be proven. First, however, we shall concretise Uno's idea of abstract labour.

3.1.2 *Deskilling and Simplification as the Historically Specific Aspects of Abstract Labour*

One must especially be careful of Uno's understanding and definition of 'social' here, an understanding that informs his central thesis in *Value Theory*: 'social' does not primarily denote the encompassing mechanism of the total structure of both the production and the circulation process. It rather denotes the function of abstract labour to produce a value that is essentially 'use value for others'. In being *use value for others* consists the *social* dimension of abstract labour:

> In the commodity, useful labour was not united with abstract human labour as such. Rather, the same labour *came to be united* in the antagonistic relation of being on the one hand already useful labour for others,

31 Elbe 2008b, p. 242.

32 Uno 1973 [1947], pp. 349–50.

> on the other hand one's own human labour that had to be realised (*jitsugen seraru beki*) in the useful labour for others.[33]

Uno contrasts concrete useful labour as 'private' and abstract labour as 'social' – its difference to useful labour being expressed by the monotonous, contentless character it asssumes in capitalist production. This is also how he differentiates 'individual production' (*kojinteki seisan*), directed at self-subsistence, from 'social production' (*shakaiteki seisan*) in which the owner of the commodity, by bringing it to the market, mediates the social nexus 'for others', since the commodity has no use value for him. Uno quotes Marx: '[Labour as the creator of use values] is an eternal natural necessity which mediates the metabolism between man and nature, and therefore human life itself', omitting Marx's important addition that labour, as the creator of use-values, 'is independent of all forms of society' and cannot therefore present what is characteristic about capitalist society.[34] For Uno however, because abstract and concrete labour do not form opposing aspects, he is at pains to argue the social status of value in specifically capitalist societies. Indeed, Uno refuses to share Marx's objective in showing *why* 'the aim of producing capital is never use value'.[35] To paraphrase Uno, *if* abstract labour has a social function, it must be its function as producing *use value for others*. Hence,

> [to] sum up, the labour that produces commodities transforms the two aspects of concrete-useful and abstract labour into the double character of private and social labour.[36]

Needless to say, also for Marx social production is production 'for others', i.e. for all members of society, but he clearly separates the content of 'social production', which concerns all historical epochs, from the *social form* in which this takes place under capitalist conditions: '[i]t is SELF-EVIDENT that this *neces-*

33 Uno 1973 [1947], p. 269.

34 Marx 1976, p. 133.

35 Marx 1973, p. 600. The perversity of capital's self-illusion, pretending to be interested in use value rather than value, came forward in the news of Nov. 8, 2016 when Adidas announced the market release of sneakers made entirely from ocean plastic. Rather than showing how capital's 'voracious hunger for profit' does not halt at profiting from its own waste-producing logic, it suggests that the purchase of these sneakers was an environmental act. https://www.globalcitizen.org/fr/content/adidas-teases-first-ever-sneaker-made-from-ocean-p/ (last access Aug 13th, 2020).

36 Uno 1973 [1947], p. 272.

sity of the *distribution* of social labour in specific proportions is certainly not abolished by the *specific form* of social production; it can only change *its form of manifestation*'.[37] In this sense, Ernst Michael Lange correctly emphasises that Marx's rejection of the Smithian dogma of the allegedly natural 'propensity to exchange' is not so much motivated by his critique of fetishism, but rather, in viewing 'the only legitimate realisation of the human-specific disposition of the "ability-to-produce-for-others" in the immediate, direct socialisation of labour'.[38] This immediate, direct socialisation of labour however is achieved by *money*, a form of value that contains 'not an atom of use value'.[39] For Uno, the conditions of capitalist social production also mark the difference to the 'Robinsonaden' in which the social cannot be expressed in 'use value for others', but is an individual product 'out of necessity' (*hitsuyō ni semararete*).[40] However, this aspect of necessity, insofar as it is not confined to one individual, is understood as the common factor with commodity production. From the previous, we have seen Uno's tendency to collapse the difference between abstract labour and concrete labour, as well as value and use value, in his understanding of 'social' as 'production of use values for others', by disregarding the *form* of social production in capitalism. The transhistorical concept of both abstract and concrete labour is repeated in the *Principles* where Uno claims that

> [since] Marx first referred to this dual property of labour as 'the two-fold character of labour embodied in commodities' (Capital I, p. 41), it has often been misunderstood that only the labour that produces a commodity is endowed with this duality. On the contrary, labour in all societies possesses this property in common. As will be explained later, however, this duality of labour in general is manifested in a more specific form under the regime of commodity production, such that the concrete aspect of labour produces a specific use-value and the abstract aspect a magnitude of value.[41]

What structures Uno's determination of abstract labour is the rejection of the view that abstract human labour creates value *no matter what*:

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37 Marx 1988 [1868–70], p. 68. Original emphases.
38 Lange 1978, p. 30.
39 Marx 1976, p. 128.
40 Uno 1973 [1947], p. 270.
41 Uno 1980, p. 32. See also Hyeon-Soo 1995, p. 102.

> The view that abstract human labour creates value no matter what is an inversion of Smith who sees the relation between humans and nature as that of commodity exchange. But it is also not Marx's view. Moreover, this would absolutely misrepresent the formation of the law of value as such. While the 'essential determinants of value' are included here, it has an effect as the 'law of value', but this determination as such does not appear as value.[42]

What, then, is required for abstract labour to be productive of value, if abstract labour 'as such' does not form a sufficient condition? To answer this, Uno moves on to the issue of the 'Simplification of Labour by the Development of the Division of Labour' in the development of the productive forces of capital.

In this section, following up on and concretising the previous section 'The Labour that Creates Value', Uno argues that the character of specifically capitalist abstract human labour consists in de-skilling, homogenisation, and standardisation as a prerequisite for 'socially necessary labour time', which in turn serves as the determinant of the magnitude of value. He thus introduces the content of developed (industrial) production, so that with the historical development of capitalist economy, standardisation, de-skilling (simplification), homogenisation and mechanisation come to function as the primary qualities of labour in production, related to the development of the division of labour:

> This development of the division of labour exerted influence onto abstract-human labour, as the labour that creates value, by its *concrete realisation* (*gutaiteki jitsugen*).[43]

According to Uno, it was the exchange between communities that enforced the development of the division of labour in society, as opposed to manufacture, which already largely generated the division of labour at the workplace.[44] Both have become integral to the development of capitalist economies. In this sense, 'labour as such' has subsumed the social division of labour in agriculture and industry as an 'inner social division of labour', from which we can differentiate another form, the division of labour at the workplace, first taking place in manufacturing.[45] The separation of town and country, as Marx

42 Uno 1973 [1947], p. 274.
43 Uno 1973 [1947], p. 274.
44 See Marx 1976, pp. 471–2.
45 See Uno 1973 [1947], p. 275.

states, has been a driving force behind this development.[46] In medieval societies, handicrafts still demanded work of dexterity and skill and expressed individual and regional differences. The self-sustenance of rural villages was guaranteed by blending in both artisanal products and the biggest part of agricultural produce – these were not 'naturally' separated. Markets were only local or consisted in scattered overseas merchandise. Merchants did not dominate production, and exports were individually and regionally confined. Quantitatively, there was also a natural limit to export. The social division of labour first took place as the separation of agriculture from other kinds of production also through overseas trade. Here, the pivotal role of merchant capital can be seen. This development went hand in hand with the transformation of the productive forces from the emphasis on quality (dexterity and skill) to quantity (mass), so that guild-based artisan organisations lost their foundation. In came the birth of manufactures. According to Uno, the social division of labour transformed its character according to the division of labour at the workplace. Artisans lost their independence and became part-time artisans, and parts of labour that required skill became increasingly separated from parts of labour that were simple to do:

> The aspect of mechanisation, the depletion of content (*munaiyōka*) and the quantification of labour was first realised on the basis of mechanised large-scale industry that established the specific capitalist production method.[47]

This development had subsequently also encompassed agriculture, 'which could not escape capitalisation', because the peasants no longer produced their own means of subsistence, but had to acquire these means as commodities by becoming wage workers.[48] This development of the subordination to industrial production of every productive sector however had direct consequences on the *nature of labour*, which accompanied this trajectory:

> Regarding abstract-human labour as the labour that creates value in commodity production, i.e., the commodity form, it first of all begins from

46 'The foundation of every division of labour which has attained a certain degree of development, and has been brought about by the exchange of commodities, is the separation of town from country. One might well say that the whole economic history of society is summed up in the movement of this antithesis'. Marx 1976, p. 472.

47 Uno 1973 [1947], p. 279.

48 Uno 1973 [1947], p. 279.

> what we call the commodification of the surplus produce in a natural economy, which is nothing but external and accidental. The commodity form has made the transition through the division of labour in the professions of the middle ages, and lastly became an internal necessity as the capitalist commodity economy. One must understand the essential basis, which has gradually materialised during this historical development …
>
> By the expenditure of simplified human labour power made possible by mechanised large-scale industry, different forms of labour have been realised. The expenditure of simplified labour power became key to the establishment of this system of production.[49]

Not only does Uno identify capitalist labour with a specific 'type' of labour under the conditions of mechanised large-scale industry. This view also has consequences for the 'two-fold character' of labour, abstract and concrete-useful labour: 'When capital expropriated the direct producers from the means of production, just as the means of subsistence were commodified, the two-fold character of labour already became as one, namely productive labour which does not simply have two aspects. The labour that created value became the active, while the labour that created use values had to become the passive aspect'.[50] In the process of the development of the productive forces, use value is rendered passive and loses its importance. Hence the advancement of abstract human against concrete-useful labour in the capitalist production process, which expresses itself as simplified, contentless and homogenous labour, and reaches its peak in large-scale industry. Two aspects appear as problematic in Uno's conceptualisation. First, Uno sees the negligence of use value originating from the *character of the labour process* (becoming simplified, contentless, meaningless, quantified), not as a *social necessity* enforced by the specifically capitalist 'automatic subject' of value that posits itself as the aim of production/circulation. The new quality of labour under the condition of the division of labour and private ownership of the means of production is however merely an empirical fact and in itself *not yet an explanation* for what makes abstract labour productive of value. Second, Uno's explanatory framework does not *conceptually* derive the meaning of abstract labour from the opposition to concrete labour. By choosing, instead, an empirical observer status, the *concept* of abstract labour that is pivotal to the theory of value, remains obscure: abstract labour may then take on this form or another, without being grounded on

49 Uno 1973 [1947], p. 279.
50 Uno 1973 [1947], p. 278.

its distinction to concrete labour. In this sense, Uno conflates the concept of abstract labour with *examples* of the character labour can assume under conditions of mechanisation, such as being 'simplified', 'homogenous', 'de-skilled', or 'standardised' labour. However, the *homogenisation of labour in standardisation processes of production and abstract human labour are not the same*.[51] Two lopsided identifications take place: first, the identification of abstract labour with an empirical and sensuous process (simplified labour in production). This invites the structure of the fetish by identifying a social phenomenon with its natural, observable qualities (and indeed with its transhistorical implications). Here we can detect what Rubin has criticised in the 'vulgar economists' as a symptom of their fetishism, namely the 'identification of the material process of production with its social form'.[52] Following from this, the second problematic identification is that of abstract labour with a specific *variant* of concrete labour. But, as Bonefeld has pointed out, '[abstract] labour is not concrete labour, however homogenised, monotonous, repetitive, senseless and boring it might be. That is, boring assembly line work is boring concrete labour, not abstract labour'.[53] Abstract labour, as argued before, has no 'labouring existence', because it is *money*. It cannot be expended in the same way that concrete-useful labour is, because it only represents the social value, the social validation of labour in the context of all-encompassing commodity circulation.

The magnitude of its value-creating substance, socially necessary labour time, only receives this specific meaning in *exchange for money*. This however does not mean that 'value' is created in exchange:[54] precisely because of the 'reduction of the products of labour to a homogenous value-objectivity distinct from their multiple various use value-objectivity' (*bei der Reduction der Arbeitsprodukte auf eine von ihrer bunt verschiednen Gebrauchsgegenständlichkeit unterschiedne gleichartige Werthgegenständlichkeit*),[55] i.e. the condition of possibility for universal exchange, value is a category belonging to the *production process*, as the 'expenditure of the self-same human labour power'[56] of any individual expenditure of labour. But the difficulty lies in comprehending that *despite its creation in the process of production, value does not take material shape unless it is converted into money in the process of exchange*. This is where

51 See Chibber 2013 who points to the same conflation of abstract with homogenous labour e.g. in the works of Dipesh Chakrabarty, and Lisa Lowe and David Lloyd.

52 Rubin 1973 [1928], p. 28.

53 Bonefeld 2010, p. 260.

54 The valorisation process is 'entirely confined to the sphere of production'. Marx 1976, p. 302.

55 Marx 1987 [1872], p. 4.

56 Marx 1987 [1872], p. 4.

the identity of circulation and production, and production and valorisation finds its exact expression. The difference between material content and social form, concrete labour and abstract labour, and use value and value, which is crucial for an understanding of the specificity of the capitalist production mode, as well as the fetishisms it creates, is however absent in Uno's discussion. By identifying abstract with concrete labour (and accordingly, value and use value) and claiming its transhistorical existence, though not in the form of 'homogenisation' typical for advanced capitalist societies, Uno's hypothesis fatally stays behind Marx's own critical concept. For Marx, abstract labour encompasses the totality of labour organisation under the conditions of private ownership of the means of production, wage labour, competition etc. – in other words: under the conditions of capital as a *social* relation. In Rubin's words: 'We cannot correctly understand a single statement in Marx's *Capital* if we overlook the fact that we are dealing with events which take place in a particular society'.[57] The dissolution of the relation between exchange value-positing abstract labour (*tauschwertsetzende abstrakte Arbeit*) and money, as enforced by Uno, and his deferral of the methodological locus of abstract labour from value form analysis to the 'Production and Valorisation Process', have their origins in this truncated understanding of Marx's own crucial problematic of abstract labour. In the following, we shall see how Uno conceptualises the production process against the background of the previous analysis. Does his explanation of abstract vs. concrete labour in the particularly capitalist process of production, tantamount to valorisation, stand to reason?

3.1.3 *Abstract as Dead Labour in the Process of Production*

In the 1969 text 'The Three Great Economic Laws that Govern Capitalism',[58] i.e. the 'law of value', 'the law of population', and 'the law of the equalisation of profit rates', in the section on value, Uno complains that Marx had failed to specify the kind of labour that went into the production of corn and iron, so that the 'common denominator' defined as 'labour', or 'labour time', was altogether arbitrary. The labour theory of value, in short, cannot be deduced from the exchange process of two commodities, but must be deferred to the capitalist production process itself:

> Unlike the products which are exchanged for another according to the necessary labour for their production, where the productive relations

57 Rubin 1973 [1928], p. 3. This is of course Postone's main argument. Postone 1993.
58 'The Three Great Economic Laws that Govern Capitalism', in Uno 1974 [1969].

> under which they are produced is unknown, as in Marx's exchange between corn and iron (*Marukusu no ageta komugi to tetsu to no kōkan no yōni dōiu seisankankei de seisan saretano wakaranai*), we should make the production process itself the foundation. In other words, we make the relations fundamental in which capital could produce corn by the labour power it has bought, and also iron, and then these products are first exchanged between the workers. On this basis, it is then extended to the exchange relations between capitalists.[59]

Moreover, Marx's mistake of 'proving' the labour theory of value from the exchange process fatally informed the Stalinist doctrine of simple commodity production, according to Uno: '… Marx himself was out to prove the value of the commodity directly from the process of exchange, which brought about the Stalinist (*Suitārinteki*), exaggeratedly clear, but false conclusion [of simple commodity production]'.[60] Not only is Uno's failure to grasp Marx's method of abstraction astonishing – so is the sleight-of-hand reproach against Marx's introduction of the labour theory of value of having contributed to Stalinist 'violence' (*ranbō*). Rather, we have reasons to believe that this strong accusation is owed to a no less fatal misconception of Marx's own fetish-critical method. To recapitulate: the exchange relations described as the 'bourgeois sphere of self-legitimisation', i.e. simple exchange at the beginning of *Capital*, concern capitalist relations of production, and these alone. By piercing through the self-representations and fetishisms of simple exchange – as though the exchange between corn and iron were a process *unpresupposed* by ownership relations, division of labour, competition, etc., merely presupposing 'commodity owners' – and presenting the *specific commodity producing labour* as the common denominator, Marx delivers the critical means by which to demystify this ideological sphere. It is by no means the 'estimation' of commodity owners, which gives value to commodities. It is a social process taking place behind their backs. In his presentation, Marx increasingly concretises this social process that gives rise to the illusion of 'simple exchange'. The presentation of this process however, as we have explained at length in Chapter 1, presupposes capitalist exchange relations and analyses them by starting from the most superficial or abstract, and moving towards its concrete manifestations or fetishisms where its origin in abstract commodity producing labour is obliterated. We have seen that this is precisely the function of the analysis of the value form.

59 Uno 1974 [1969], p. 17.
60 Uno 1974 [1969], p. 20.

Since the problem of fetishism intrinsic to this analysis is anathematic to Uno's reconstruction, not only his criticism, but also his own theorisation of abstract labour in production is inflicted with serious shortcomings, as we shall see.

In the last chapter of *Value Theory*, 'The Essence of Value' (*Kachi no honshitsu*), Uno at last presents his exhaustive conceptualisation of abstract labour. For Uno, because abstract labour cannot be derived from the 'simple exchange of commodities' in the analysis of the value form, it must be elucidated from the *production process* of Capital. As we will see, in his interpretation of Chapter 7 of *Capital* Volume I, 'The Labour Process and The Valorization Process', Uno tacitly identifies abstract with dead labour and concrete with living labour. This identification, we contend, is highly problematic. It not only conflates two problem complexes – value as the form in which abstract labour receives material existence, with the 'unity' of the production and the valorisation process in which living labour alone produces value – but perverts the meaning of abstract labour to dead labour that is precisely *not* productive of value. Dead labour in the production process – capital in its forms of material existence of the means of production, 'past labour in its objectified and lifeless form'[61] – 'absorbs', or better 'sucks in' (*einsaugen*/*aufsaugen*) living labour to produce more dead labour-as-capital, be it new means of production or means of consumption. The reason for shifting the discussion of abstract labour away from the analysis of the value form toward the 'real treatment of the production-process of capital' can also be found in the *Principles*, where Uno maintains the logical priority of the circulation forms over the forms of production. It is the former alone in which the general commodity economic norms reveal themselves. The production process, in contrast, 'conforms to these circulation forms', because it has been subsumed by the process of circulation:

> The forms of human relation peculiar to commodity exchanges … influence the production-processes by reaction, sink slowly into them, and finally take possession of them; the commodity economy thus secures the substantive base of its operation in a production-process by gradually encroaching upon it from the outside.[62]

Therefore, the analysis of production must succeed the analysis of the 'pure circulation forms' of the commodity, money, and capital. Accordingly, abstract labour can only be thematic in the context of production.

61 Marx 1976, p. 302.
62 Uno 1980, p. xxiv.

Let us take a look at the details of his argument. First, Uno takes up Marx's example of the spinning process of cotton yarn in 'The Valorization Process':

> If 6 hours of labour produce 10 *kin*[63] of yarn, then in 10 *kin* of yarn a certain amount of raw cotton and machinery has been used as against the newly added product of the six hours of labour. Hence, the used 10 kin of raw cotton is the product of labour of 20 hours, and if we assume that the wear and tear of the machine costs 4 hours of labour, then the yarn is the product of 30 hours of human labour.[64]

Here Uno introduces an important factual distinction:

> But to clarify the newly added labour in this case, according to Marx, it has a double character. Of course, the worker doesn't perform two kinds of labour, but the same labour is in effect in two different aspects: in one aspect, there is the so-called concrete, purposeful labour (*yūyō rōdō*) that turns raw cotton into yarn. In the other aspect, there is the newly added labour of six hours that as a part of the 30 hours of necessary labour for the production of 10 *kin* of yarn, stands against the 24 hours necessary for the production of the raw material and the machinery. In the former, (Marx) shows that the raw cotton and machinery are not merely used up, but *productively consumed* (*seisantekini shōhi seraretaru*). In the latter, he argues that the consumed raw cotton and machinery are added to the new labour as the products of the same labour, and they are produced as the objectifications of the labour of a certain amount of yarn.[65]

In the production of new value, two aspects are in effect: on the one hand, the past labour of the materials and machines, on the other hand, the living labour that 'productively consumes' the materials and machines as a fraction of the total value of the product (i.e. as 6 hours of a total of 30 hours of labour that are necessary to produce 10 *kin* of yarn as a final product).

Uno sees these two aspects of the same labour process reflected and verified in Marx's central argument that living labour alone is productive of new value

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63 A *kin* usually refers to a weight measure of about 600 grams (= 160 *monme*) in Japan, or a 'loaf' of bread of about 300–400 grams. Other references to *monme* were also known. See the *Kōjien*, ed. by Shinmura 1979, p. 596.

64 Uno 1973 [1947], p. 347. For Marx's original example, see Marx 1976, p. 293 ff.

65 Uno 1973 [1947], p. 347. Emphasis added.

while at the same time it transfers the value of the machines and raw materials to the new product. Let us consider Marx's argument quoted by Uno:

> The labour-time required for the production of the cotton, the raw material of the yarn, is part of the labour necessary to produce the yarn, and is therefore contained in the yarn. The same applies to the labour embodied in the spindle, without whose wear and tear the cotton could not be spun.[66] Hence in determining … the labour-time required for its [the yarn's] production, all the special processes carried on at various times and in different places which were necessary, first to produce the cotton and the wasted portion of the spindle, and then with the cotton and the spindle to spin the yarn, may together be looked on as different and successive phases of the same labour process.[67]

It is sometimes rewarding to note what is omitted in quotations. In his quote, Uno omits the small, but nevertheless important nuance of Marx's identification of 'value' with the 'labour-time required for its [the yarn's] production' *verbatim*: 'Hence in determining the value of the yarn, *or* the labour-time required for its production …' This passage however presents an important concretisation of the labour theory of value in the context of the valorisation process, emphasising the *unity* of the labour and the valorisation process in commodity production: living labour alone is productive of new value. Uno also disregards this crucial remark from the following passage:

> All the labour contained in the yarn is past labour; and it is a matter of no importance that the labour expended to produce its constituent elements lies further back in the past than the labour expended on the final process, the spinning. The former stands, as it were, in the pluperfect, the latter in the perfect tense, but this does not matter. If a definite quantity of labour, say thirty days, is needed to build a house, the total amount of labour incorporated in the house is not altered by the fact that the work of the last day was done twenty-nine days later than that of the first. Therefore the labour contained in the raw material and instruments of labour

66 Marx interjects a footnote here, referring to Ricardo's title of Section III of the chapter on value in the *Principles of Political Economy and Taxation*: 'Not only the labour applied immediately to commodities affects their value, but the labour also which is bestowed on the implements, tools, and buildings with which such labour is assisted'. Ricardo 1969 [1817], p. 13.

67 Marx 1976, p. 294. Quoted in Uno 1973 [1947], pp. 374–8.

> can be treated just as if it were labour expended in an earlier stage of the spinning process, before the labour finally added in the form of actual spinning.[68]

Against the background of the analysis of Uno's tacit identification of living with concrete and dead with abstract labour, this point, made by Marx, is decisive.

Let us just dwell here for a moment and consider what terminological uses of living and dead labour in the context of the labour and the valorisation process we find in Marx. For Marx, living labour and dead labour signify the two components of production in general, while they receive a very special meaning in capitalist commodity production in which the production process simultaneously functions as the process of valorisation. In the first sense, these two concepts pertain to social production as such. In his reflections on 'The Labour Process', which is the only chapter in the systematic architecture of *Capital* that does not exclusively assume capitalist commodity production as its object, Marx says: 'A machine which is not active in the labour process is useless … Yarn with which we neither weave nor knit is cotton wasted. Living labour must seize on these things, awaken them from the dead, change them from merely possible into real and effective use-values'.[69] In a society where the production of use values is not the aim of production, as in capitalism, living labour however belongs to a different nomenklatura. Its consumption is now synonymous with the production of value. Hence:

> By turning his money into commodities which serve as the building materials for a new product, and as factors in the labour process, by incorporating living labour into their lifeless objectivity, the capitalist simultaneously transforms value, i.e. past labour in its objectified and lifeless form, into capital, value which can perform its own valorization process, an animated monster which begins to 'work', 'as if its body were by love possessed'.[70]

Living labour therefore has two meanings, a general one pertaining to social production as such, and a specific one applying exclusively to a system of production where surplus value becomes the ultimate goal of social production. The 'incorporation' of living, active labour into dead or past labour, capital,

68 Marx 1976, pp. 294–5.
69 Marx 1976, p. 289.
70 Marx 1976, p. 302.

in the process of production, is nothing but the process of valorisation, and presents the character of capital as dead labour feeding on the blood of living labour like a vampire.

Living labour is therefore value-creating labour. In what way does the terminology then inform us of a different meaning from that of abstract labour, as the 'value-forming substance'?

In short, the terminology refers to two different moments of the methodological explication: while living labour refers to the kind of labour performed in the production and valorisation process in differentiation to dead labour in the form of machinery and other constant capital, abstract labour denotes the substance of value expressed in the fetish-characteristic form it takes as money, as the predominant form of value. While we can sensually experience living labour in its actual process, abstract labour as the value substance is nothing that can be experienced apart from its fetishistic expressions in money, capital, profit, rent, interest, etc. Because it is always-already materialised in a form, which no longer seems to correspond to its origin, it is obliterated or 'hidden' in value's different forms. That does not mean that abstract labour has nothing to do with production, as shown above. Abstract labour however *encompasses* both production and circulation to figure as the very mode in which the total organisation of capitalist society revolves around value.

However, Uno levels a momentous criticism against Marx's 'premature' introduction of the concept of abstract labour in the simple exchange of commodities, which also figures as Uno's critique of Marx's 'proof' of the labour theory of value. Uno prefers a 'clear' determination of abstract labour in the context of capitalist production/valorisation. But by deferring the presentation of abstract labour until after the significance of dead and living labour are elucidated in the analysis of production, Uno conflates the two methodological levels of the explication of living labour and abstract labour, and introduces a hyperbolic interpretative move that renders his 'relocation' of the locus of the 'proof' of abstract labour from the simple exchange process to the production process dubious:

> As the products of labour, they [the commodities] are products of labour in the sense that they are embodiments of a certain amount of labour. But while we can acknowledge that, in the above example of spinning labour, the labour of the cultivation of the new cotton is a different kind of labour. I want to clearly differentiate this point in which the raw cotton and the spindle and other machinery appear as the products of another labour process in the spinning labour. For example, the productive forces of spinning are doubled, and not 10 *kin* per 6 hours, but 20

> *kin* are produced (in the same time). There are 20 *kin* of raw cotton and a doubling of the previous wear and tear of the machinery, but, and as against the 10 *kin* of yarn as the product of 30 hours of labour, there is no product of labour of 60 hours, but merely a product of labour of 54 hours. Plus, the machinery used in the spinning process … is used as a whole. In contrast, not all of the raw cotton did in fact make the yarn. The raw cotton that is scattered around in the production process does not become yarn. However, since this scattering cannot be avoided in the process of producing the yarn, the labour that went into producing the scattered raw cotton becomes a part of the labour necessary to produce the yarn.
>
> *The labour needed for the production of the necessary means of production as past labour is altogether different form the labour of the consumption of labour power in the spinning process*. That is, *past labour external* [*not contained in*] *the spinning process* is *forming the necessary labour quantity* for the production of the yarn as the result of the concretely useful labour of living labour in the spinning process.[71]

We can witness here, first, Uno's identification of 'concretely useful labour' with living labour that becomes a precondition for the production of the yarn. For Uno, the labour necessary for the means of production is to be separated analytically from the labour as the consumption of living labour in the actual spinning process. It is past labour, but as such directly contributes to the value of the yarn. What then is 'general abstract labour'? Abstract general labour for Uno is the labour of the cultivation of the cotton, the manufacturing of the spindle, etc., which is considered as a step in the active process of the production of yarn: but as past, as *dead* labour. Living labour, in contrast, is the concrete production process of the yarn as concrete-useful labour, as the *value transfer* process. At the same time, however, it counts as abstract labour (like the labour materialised in the means of production) when it is regarded as a *value adding* component of production. With this denomination of abstract labour to past labour and the value-adding component to living labour, Uno believes the explication of the distinction between the two, allegedly 'prematurely' introduced by Marx in the analysis of the value-form, is only justified in the analysis of the production process. In the *Principles*, he announces that

71 Uno 1973 [1947], p. 349. Emphasis added.

> [labour] in the spinning process … functions on the one hand as what Marx calls *concrete-useful labour* in that, as it converts raw cotton into cotton yarn, it also preserves the labour time embodied in the means of production such as raw cotton and the spinning machine used up in the process as part of the total labour-time required to produce the yarn. Simultaneously, the same labour functions on the other hand as what Marx calls *abstract-human labour* in that it adds the spinning hours of labour to the labour hours already materialised in the means of production, regarding them as homogenous components of the total labour-time embodied in the final product. The same labour, in other words, possesses two entirely different aspects, the one being quite specific and the other perfectly abstract. In the present example, the former aspect requires that the labour should be suitable for the production of the cotton yarn; the latter aspect requires that it should not be different, as the expenditure of human labour, from that which is embodied either in the raw cotton or in the spinning machine. A production-process can furnish various specific products only with labour that possesses this dual character.[72]

In the former case, the labour of spinning, the 'concrete' labour in Uno's view, is regarded as a part (*ichibubun to suru*) of the whole product, whereas all of the components of the whole labour process, as well as that of past labour, are regarded as one (*issō*) in the case of 'abstract-human' labour. In this reading, machines, tools, any forms of fluids, substances, and additives, i.e., means of production, is understood as the product of abstract labour, while the expenditure of living labour, in preserving the value of these, forms its concrete-useful part. The latter assumes the character of abstract labour, however, on the condition that it is 'equal' to the labour materialised in the means of production, which for Uno is abstract-human, dead, or past labour.

But the respective attributions are lopsided: if anything, it is *living labour* alone that correlates with abstract labour, for only living labour as a part of the production process of capital, is productive of value, and only *as* abstract labour – *in contradistinction to concrete, use value producing labour* – can it be quantified in socially necessary labour time, regardless of the specific purposeful activity it performs. This form of labour, abstract labour, has nothing to do with the dead labour materialised in constant capital, and the latter does not form any kind of precondition for living labour to count as abstract-homogeneous labour.

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72 Uno 1980, p. 24. See also Uno 1964, pp. 51–2.

To clarify, we should return to Marx's terminology and the specific twist he attributes to the subsumption of labour under capital in the valorisation process. What is crucial in this context is Marx's preliminary distinction between new or added value (*Neuwert-Zusetzung*) and value preservation (*Werterhaltung*). Value preservation is not a function of abstract labour, as Marx emphasises: '… the worker preserves the values of the already consumed means of production or transfers them to the product as portions of its value, not by virtue of his additional labour as such, but by virtue of the particular useful character of that labour, by virtue of its specific productive form'.[73] The process of value adding or producing new value however requires that it is 'labour in general, abstract human labour' taking place during a 'definite length of time'.[74] Here socially necessary labour time forms the directive, as quantifiable labour that must be exchanged for a certain amount of money. Ultimately, for Marx, the specificity of value-creating labour is the *unity* of value preservation and the creation of new value. For, in value's 'metempsychosis' from the means of production to the new product, the worker

> is unable to add new labour, to create new value, without at the same time preserving old values, because the labour he adds must be of a specific useful kind, and he cannot do work of a useful kind without *making products into means of production of a new product*. The property therefore which labour-power in action, living labour, possesses of preserving value, at the same time that it adds it, is a gift of nature which costs the worker nothing, but is very advantageous to the capitalist since it preserves the existing value of his capital.[75]

In other words, we can notice a specific way that the subsumption of labour under capital comes to the fore in the valorisation process: because here, value preservation and adding new value *coincide*. Not concrete-useful, but abstract labour becomes the actual denominator, subsuming the form and function of any concrete-useful labour process, in its purpose for *quantification* in the process of exchange. The specific 'useful' kind of labour is rendered automatically abstract by virtue of the specific mode of production, in which 'making products' means to turn them into means of production for the next production cycle, labour power included. It is production-for-production.

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73 Marx 1976, p. 308.

74 Marx 1976, p. 308.

75 Marx 1976, pp. 314–15. The emphasis relates to where the translation has been amended to fit the original.

Uno, however, insists that abstract labour, though being labour's value-creating property, does not belong to the actual process of production, but is a manifestation of past labour materialised in the means of production.

This analytical segmentation of the components of productive capital to attribute them conceptually to concrete vs. abstract labour in the production process is however problematic, or at least designates where Uno falls short of the insight of the subsumption of concrete under abstract labour in the process of valorisation. For it is precisely the coincidence of value adding and value preservation that marks the specificity of abstract labour, labour that produces value. In Uno's constellation, which grapples with the value-adding component of dead labour, this specific mark gets lost. Accordingly, what is crucial in Marx's conceptualisation of the labour-as-valorisation process, namely that dead labour is *never* productive of value, remains unnoticed. Especially the insight that the production of value *depends on the production of surplus value*, through the specific properties of the labour-power commodity, is anathematic for Uno. The production of surplus value, for Uno, is rather something that benefits all of society via its production of use values: the reduction of necessary and the increase of surplus labour makes it 'possible for society to acquire more surplus-products of various use-values'.[76] What understanding of 'society' is behind this contention? In capitalist society, the production of surplus value is not 'measured' in use value, it is measured in value, i.e. socially necessary labour time. Its production is not an 'option' (among many) for labour-power. In its specific capitalist form determination, the difference between the paid and the unpaid component of its value product is the *sine qua non* of capital. Abstract labour, the form determination of concrete-useful labour in its specific capitalist form, has therefore nothing to do with the value component of constant capital. Uno however still owes the proof for the claim he made at the beginning of *Value Theory*, namely that abstract labour has nothing to do with being a 'common denominator' in the exchange process of two commodities with different use values. He returns to this point to maintain that

> the spinning labour itself is on the one hand the labour of the cultivation of the cotton, and, while being different from the labour of the fabrication of the spindle, it is general abstract labour. The spinning labour process itself passes through these two aspects. It becomes the production of cotton yarn as the product of a certain amount of labour. Thus, we can see that the fact of wheat and iron that 'both are equal to a third thing, which

76 Uno 1980, p. 24.

> in itself is neither the one nor the other' is of course not simply an abstraction in the exchange process, nor is it an abstraction in thought, but is only known as a proof [from the analysis of] the production process itself.[77]

To sum up: Uno's dissociation of the concept of abstract labour *from the problem of money* and the fetishism of exchange, and its deferral to a 'clearer' demarcation against concrete labour in the analysis of the production process, is inflicted with two grave shortcomings:

1) It misrecognises the *specific cognitive interest* Marx related to his analysis of the value form. We have already seen in Chapter 1 that the critical function of abstract labour consists in the dissolution of the fetish of *simple commodity exchange*. By representing only the *bourgeois sphere of exchange*, the level of abstraction introduced by simple commodity exchange however implies that 'already other, more complicated relations of production, more or less conflicting with the liberty and independence of individuals, their economic relationships, are the premiss that, as free *private producers in simple relations of purchase and sale*, they should confront each other in the process of circulation and should figure as its independent subjects'.[78] The crucial distinction between abstract and concrete labour hence serves the dissolution of the fetishistic sphere of simple exchange, in showing – in the process of the analysis of the value form – the *gradual dissociation* of the value of the commodity in the equivalent form from its use value.
2) Unlike Uno believes, use value is not the motivation for exchange relations. As the equivalent form of value (or the value expression of the commodity in the relative form of value), it assumes the money-form. Not concrete-useful, therefore, but abstract labour, which has no equivalent in any actual labour process, is therefore the substance of value, necessarily expressed in money.

With the preceding discussion of Uno's lopsided identifications, the 'clearer' demarcation of abstract labour in the context of production has, to the contrary, become more confused. If, then, the persuasive power of Uno's 'deferral' of the discussion of abstract labour to the analysis of production has suffered in the hands of the above discussion, does Uno's criticism of Marx's analysis of the value form and the labour theory of value recover a more substantial ground with the introduction of the commodity owner as a heuristic

77 Uno 1973 [1947], pp. 349–50.
78 Marx 1987 [1857–61], p. 466.

motive? We shall now turn to the unfolding of Uno's direct criticism of Marx's analysis of money.

3.2 Uno's Theory of Value: Methodological Individualism and the Fetishism of Use Value

In Chapter 2 of *Value Theory*, 'The Form of Value', Uno develops his interpretation of Marx's value form analysis that the value relation of x commodity A = y commodity B (20 yards of linen = 1 coat) cannot be understood *in abstraction from the commodity owner of A*. According to Uno, if it were not for the commodity owner of A (of the linen), the value of the linen, expressed in the use value of B (the coat), cannot be comprehended meaningfully. Only with the commodity owner can the linen commodity be understood to occupy the position of the relative form of value, and the coat to occupy the equivalent form. Hence, as Uno remarks in *Capital Studies*, Section 3 of Chapter 1 of *Capital* Volume 1, 'The Value Form or Exchange Value', and Chapter 2, 'The Exchange Process', should not be discussed separately, but in unison:

> It's not that I don't understand why 'The Exchange Process' and 'The Value Form' are separated in such a way, but as a method, I think it is a problem … If there is something like a general use value that is separated from abstract and individual wants, I cannot understand it. I believe that it becomes clearer if we introduce the owner of the commodity in the development from the beginning of the value form to the money form. I think that for example in the relation between the linen and the coat, when the value of the linen should be expressed, for the first time we can understand the expression in the use value [of the coat], if we consider the want of the linen owner for the coat.[79]

Only if we assume the *personal want* of the commodity owner can we understand why a particular commodity – here, linen – is in the relative form and the coat in the equivalent form.[80] Otherwise, Uno contends, there would be no difference between the relative and the equivalent form and the polarity so important for Marx's exegesis would disappear: 'If the commodity owner of the linen did not desire the coat, there would be no expression in the form of the

79 Uno and Sakisaka (ed.) 1948, p. 142.
80 See Uno and Sakisaka (ed.) 1948, p. 160.

use value of the coat', so that 'which commodity stands in the equivalent form is decided by the commodity owner of the relative value form'.[81] Uno insists that only the role of the commodity owner helps to firmly establish the 'mutual exclusivity' of the relative and the equivalent form: 'If there were no commodity owner of the linen, there would neither be a use value of the commodity in the equivalent form nor a want (*yokubō*) of the coat. Then the linen and the coat would express their respective value through each other … Which commodity stands in the equivalent form is decided by the owner of the commodity in the relative form of value'.[82] Indeed, for Marx, the polarity of the value expression e.g. '20 yards of linen = 1 coat' must be upheld, if we want to understand how the form of value emerges from the value expression in the equivalent form. But this does not mean the equation cannot be reversed, or the meaning of 'equation' would be lost. Hence, the argument for polarity Marx makes is an entirely different one than Uno (and his followers today)[83] believe: it merely requires that two *qualitatively different* commodities oppose each other in the value expression, so that we do not end up with the tautology of having to equate the linen with the linen or the coat with the coat – which would be meaningless:

> Of course, the expression 20 yards of linen = 1 coat, or 20 yards of linen are worth 1 coat, also includes its converse: 1 coat = 20 yards of linen, or 1 coat is worth 20 yards of linen. But in this case I must reverse the equation, in order to express the value of the coat relatively; and, if I do that, the linen becomes the equivalent instead of the coat. The same commodity cannot, therefore, simultaneously appear in both forms in the same expression of value. These forms rather exclude each other as polar opposites.[84]

81 Uno and Sakisaka (ed.) 1948, p. 166.

82 Uno and Sakisaka (ed.) 1948, p. 166.

83 That the polarity of relative and equivalent form of value must be guaranteed by an 'offer to sell' that depends on the intervention of the owner of the commodity in the relative form, hence, a market participant, has recently also been emphasised by Lapavitsas in Lapavitsas 2005 and Lapavitsas 2017 and other Uno School theorists, such as Sekine in Sekine 2013 [2009]. For a critique of this position, see Lange 2017.

84 Marx 1976, p. 140. Note E.M. Lange's careful objection with regard to the perspective Marx takes here. According to Lange, Marx's perspective in (what Lange terms) formula I, 'x commodity A = y commodity B', oscillates between a neutral observer's position and one of the involved parties. The latter is indicated by the formulation '… in this case I must reverse the equation …' Asymmetry can however only be attributed to what Lange terms formula II, 'x commodity A is worth y commodity B'. According to Lange, this form 'describes the perspective of action (*Handlungsperspektive*) of the commodity owner of A who must find out or consider … for what amount of commodity B he wants to (or

In the appendix 'The Value Form' in the first edition of *Capital 1*, this becomes even clearer:

> Let us consider the exchange between linen-producer A and coat-producer B. Before they come to terms, *A* says: *20 yards of linen are worth 2 coats* (*20 yards of linen = 2 coats*). But *B* responds: *1 coat is worth 22 yards of linen* (*1 coat = 22 yards of linen*).
>
> Finally, after they have haggled for a long time they agree:
>
> *A* says: *20 yards of linen are worth 1 coat*,
> and *B* says: *1 coat is worth 20 yards of linen*.
>
> Here *both* linen and coat are *at the same time* in relative value-form and in equivalent form. But, *nota bene, for two different persons* and *in two different expressions of value*, which simply occur (*ins Leben treten*) *at the same time*. For A *his linen* is in relative value-form – because for him the initiative proceeds *from his commodity* – and *the commodity of the other person*, the coat, is in equivalent form. *Conversely* from the standpoint of *B*. Thus *one and the same commodity never possess*, even in this case, *the two forms at the same time in the same expression of value*.[85]

With this clarification, the assumption that without the commodity owner, one cannot understand why one commodity is in the relative and one is in the equi-

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can) exchange his commodity A. If a relation of exchange is to be described by the perspectives of those involved in the process of exchange, however, then formula II must be supplemented by formula III, 'y commodity B is worth x commodity A'. Marx however ignored this asymmetry of the perspective and rather identifies the perspective of one of the parties involved in formula II with the neutral observer position in formula I. As Lange, however, admits, the reasons for this may go deeper than just being a slip of mind. In Marx's understanding, 'the subject' of the relation is neither one of the involved parties nor the observer – and also, as he points out in the *Randglossen*, 'neither "value" nor "exchange value", but *the commodity*'. Marx 1987 [1875–83], p. 358. 'What is contained in this reference, on the one hand, is that it has a critical punch line if Marx thematises commodities, and not their producers or their owners. The qualification of the commodity as subject supposes that in this society things, namely commodities, are subjects, not their producers and/or their owners'. Lange 1978, p. 13. For a more detailed discussion, see Chapter 1, and also Lange (Elena Louisa) 2014.

85 Marx 1983 [1867], p. 765. The Appendix to the first edition of *Capital* Volume I was translated by Mike Roth and Wal Suchting in *Capital and Class*, 4 (1978): 130–50, now in Mohun 1994, pp. 9–34 and https://www.marxists.org/archive/marx/works/1867-c1/appendix.htm (9 July, 2019). We refer to the Roth and Suchting translation.

valent form, is shown to be highly problematic.[86] Which commodity is in which form solely depends on which commodity's *value* is to be determined.

To proceed to understand Uno's particular intervention, let us consider the development of Uno's argument carefully. In *Value Theory*, Uno starts by saying that the two factors of the commodity represent value as the active aspect (*sekkyokuteki men*) and use value as the passive aspect (*shōkyokuteki men*).[87] 'But value that has the active aspect is not in itself autonomous and, in reality, we cannot accept it as the "natural form" of the commodity itself'.[88] Hence, value does not appear as such, 'directly and by itself'.[89] If we view the commodity from outside, we can only see its natural form, to infer its use value. Uno therefore concludes that 'the commodity is originally a commodity for its owner. That is, while for the purchaser it is a use value, to the extent that it is a commodity for the owner, it has ceased to be directly a simple use value (for the owner)'.[90] Being a commodity for its owner, the owner is interested not in its use value, but in its value. But in order to use it, any commodity must be bought. This of course touches upon Marx's original question: why can use values under the conditions of capital only be obtained through value? In other words – why does every product of abstract human labour first and foremost assume the form of value? Yet, Uno does not seem to be very interested in this question. For him, the specificity of the commodity economy as the object of his interest concerns the fact that 'the value of a commodity only expresses itself in the use value of another' while ignoring the specific *Problemstellung* already pointing at the inversion of use value and value, and hence, of the fetish character of value in the relation of simple exchange. Uno's misrecognition of the nature of the problem goes further, however. For Uno, the equation serving as the basis for the analysis of the value form, X commodity A = y commodity B denotes a concrete situation

86 In *Studies in* Capital, Uno insists that '[if] there were no commodity owner of the linen wanting the coat, then [value] could not be expressed in the form of the use value of the coat. Abstracting from the want [of the owner of the linen] would mean that the value of the coat itself were expressed in the linen, and they would express each other relatively. But this is not the meaning of "being relative". Uno and Sakisaka (ed.) 1948, p. 162. 'For example, if there were no owner of the linen, there would neither be a use value of the commodity in the equivalent form nor a want (*yokubō*) of the coat. Then the linen and the coat would express their respective value through each other. … Which commodity stands in the equivalent form is decided by the owner of the commodity in the relative form of value'. Uno and Sakisaka (ed.) 1948, p. 166.

87 Uno 1973 [1947], p. 289.

88 Uno 1973 [1947], p. 289.

89 Uno 1973 [1947], p. 289.

90 Uno 1973 (1947), pp. 289–90.

between commodity owners. But, as pointed out earlier, Marx's presentation of the analysis of the value form is already itself a *critical* presentation of the superficial mode of 'individuality', represented in the commodity owners. As we will see later in more detail, it is not an analysis of the exchange process, but an analysis of the *preconditions of generalised commodity exchange*; preconditions which no longer appear as such in the actual exchange process. As the analysis of the *preconditions of exchange*, it is the analysis of *money*. Perhaps a passage from the *Contribution* shows more clearly in what way Marx's presentation is *critical, not* affirmative, from the beginning:

> The commodity owners entered the sphere of circulation merely as guardians of commodities. Within this sphere they confront one another in the antithetical roles of buyer and seller, one personifying a sugar-loaf, the other gold, just as the sugar-loaf becomes gold, so the seller becomes a buyer. These distinctive social characters are, therefore, by no means due to individual human nature as such, but to the exchange relations of persons who produce their goods in the specific form of commodities. So little does the relation of buyer and seller represent a purely individual relationship that they enter into it only in so far as their individual labour is negated, that is to say, turned into money as non-individual labour. It is therefore as absurd to regard buyer and seller, these bourgeois economic types, as eternal social forms of human individuality, as it is preposterous to weep over them as signifying the abolition of individuality. They are an essential expression of individuality arising at a particular stage of the social process of production. The antagonistic nature of bourgeois production is, moreover, expressed in the antithesis of buyer and seller in such a superficial and formal manner that this antithesis exists already in pre-bourgeois social formations, for it requires merely that the relations of individuals to one another should be those of commodity owners.[91]

In the following, we will show how the methodological individualism Uno invites with his insistence on the role of the commodity owner confronts Marx's position of a socially mediated totality, of which 'commodity owners' only present the 'superficial and formal manner' of a much more pertinent confrontation: that between capital and labour.

91 Marx 1987 [1857–61], p. 331.

3.2.1 *The Role of the Commodity Owner in the Simple Form of Value*

For Uno, the commodity owner in the relative form of value (linen) cannot express the value of his commodity in so-and-so-many hours of socially necessary labour time. Uno: 'Wherever one takes it, one cannot weigh it (*hyōryō shite*) as something objective. But still, the commodity owner must express the value of his commodity'.[92] The linen owner, for Uno, wants to express the value of the linen in another commodity, e.g. the coat, a relation in which the coat already has the same quality as the linen, as the 'form assumed in common by the values of all commodities',[93] in the 'coagulated state' of human labour power.[94] Nevertheless, this poses the problem that the labour of the linen cannot automatically count as that of 'labour of human beings' in general:

> [The owner of the linen owns] linen as value, or as something that must be exchanged with another commodity. As use value, it may be the product of linen-producing labour, but as value, it is nothing but the product of homogenous human labour that produced another commodity. As regards the commodity owner of the linen, the value of the linen is given in the foundation (*konkyo*) expressing the value of the other commodity, but it is impossible to compare and measure the labour of others producing other products, such as the labour of making their own goods, as the labour of human beings. Hence, only the want of the linen owner can sufficiently determine the ambiguity regarding this 'homogeneous' expression of labour in general in the equivalent form (i.e. the coat) with the specific value expression of the relative form, i.e. the linen. The labour that produces linen becomes valuable only in its product, linen. At the same time, as different from the linen itself, the other commodity also has 'common objectivity' [*kyōtsū shita taishōka / gemeinsame Gegenständlichkeit*], but we cannot grasp this 'objectivity' as such. The linen owner expresses the value of his linen in wanting to exchange his linen for another commodity, for example in a coat.[95]

Uno quotes Marx to make his point: 'As a use value, the linen is something palpably different from the coat; as value, it is identical with the coat, and therefore looks like a coat'[96] and 'The value of the linen, by assuming the expression in

92 Uno 1973 [1947], p. 290.
93 Marx 1976, p. 159. The original term is *gemeinsame Wertgestalt*. Marx 2008, 81.
94 Marx 1976, p. 142. Paraphrased in Uno 1973 [1947], pp. 290–1.
95 Uno 1947 [1973], p. 291.
96 Marx 1976, p. 143. In the original: '… als Wert ist sie "Rockgleiches" und sieht daher aus wie ein Rock'. Marx 2008, p. 66.

the coat, takes on an expression separate from its use value'.[97] This is true as far as Uno's observation goes. Yet, and this is crucial, Uno misses to acknowledge the inversion taking place in this particular correlation, namely that, the 'first peculiarity which strikes us when we reflect on the equivalent form is this, that use-value becomes the form of appearance of its opposite, value.'[98] One point to acknowledge therefore, and to which we will return in greater detail, is that Uno regards the analysis of the value form as an analysis of *exchange relations* between commodity owners, and not as an analysis of the *money form* of the commodity.

In Section 3 of Chapter 1 of Capital Volume I, known as the 'analysis of the value form', Marx demonstrates the *gradual dissociation* of value from use value, hence the emergence of the equivalent form or 'value', by analysing four steps in the development of the equivalent form (the simple form of value → the expanded form of value → the general form of value → the money form). As we will see, this gradual dissociation of value from the use value of the equivalent form is what informs the theory of money, precisely as 'value as such', value that bears 'not an atom' of use value.

Uno's interpretation of the necessity of the commodity owner of the linen, however, misjudges the specific theoretical question involved in the analysis, namely an analysis *of the necessity of money for the possibility of generalised commodity exchange*, not an analysis of individual wants of commodity owners bringing about 'exchange'. This misjudgement becomes especially clear in the treatment of *quantities*. For Uno, the indispensability of the commodity owner is proven where the justification is demanded for the claim that '20 yards of linen are worth exactly 1 coat', and not five, or two. Already in Marx's time, this had been an important objection that has '[misled] Bailey and many of his predecessors and followers into seeing the *expression of value as merely a quantitative relation* whereas in fact the equivalent form of a commodity contains *no quantitative determinant of value*'.[99] Later in the *Principles*, Uno adopts this position:

> It is not, let me stress, the value of the 'twenty yards' of linen, but the value of linen *as such* that is expressed here [in the simple value form]. Twenty yards are judged appropriate by the linen-owner to express the value of his linen because *a given quantity* of the use-value of the coat is wanted.[100]

97 Uno 1973 [1947], p. 291.
98 Marx 1976, p. 148.
99 Marx 1976, p. 148. Emphasis added.
100 Uno 1980, p. 8. Emphasis added.

But it is altogether *independent* of the want of the commodity owner if the value relations are expressed this way: in the further development of the value form, '[t]he accidental relation between two individual commodity owners disappears. It becomes plain that it is not the exchange of commodities which regulates the magnitude of their values, but rather the reverse, the magnitude of the value of commodities which regulates the proportion in which they exchange'.[101] Admittedly, this becomes clear only in the 'total or expanded form of value' (Form (b)). However, what are we to make of the commodity owners once this becomes clear in retrospect? Uno is far from discarding the methodological setting of the want of the commodity owner in the further analysis. How, then, is Uno's argument to be understood? To be sure, were the quantity of linen doubled, say, 40 yards instead of 20, and the labour productivity of both weaving and tailoring unchanged, 40 yards of linen would be worth 2 coats. In the equivalent form, the coats can only express the value of the linen, but they could not express their *own value*. The value of the coats cannot be addressed in a value expression where the coats are in the equivalent form. It is, however, irrelevant if the coat or the linen is in the equivalent form as a *type of commodity* – the magnitude of value is always determined by the socially necessary time required for its production: 'But as soon as the coat takes up the position of the equivalent in the value expression, the magnitude of its value ceases to be expressed quantitatively. On the contrary, the coat now figures in the value equation merely as a definite quantity of some article'.[102] Uno quotes this passage to demonstrate that the quantitative determination is always assumed by the commodity in the relative form of value. But Uno forgets that *this relation does not require the hypothesis of a commodity owner to become socially evaluated or acknowledged*. Uno however continues to adhere to his reading of the linen counting as a particular amount of *use value* for the owner. This is because, for Uno,

> [the] amount of linen as use value is of interest to its owner only so far as it has value (sic), while the definite quantity of the coat as use value is as such (*sono mama*) expressed as the value body (*kachi tai*). But then the commodity in the equivalent form of value cannot assume this expression. That is because the equality is already established without any relation to the commodity owner. With this conception, we can neither

101 Marx 1976, p. 156.

102 Marx 1976, p. 147. Quoted in Uno 1973 [1947], p. 293.

> understand the linen in the relative form of value nor the coat in the equivalent form.[103]

This argument rests on an insufficient grasp of the methodological vantage point of Marx's analysis: of course, the equality between the linen and coat is already established, as we are dealing with the *presupposed* totality of capitalist relations, in which the equation of different products of different concrete labours has already taken place.[104] What interests Marx's analysis is the *condition of possibility* for this equality. In his analysis, he comes to show that *value* (abstract-human labour) presents this condition, not value 'bare and simple', but in its specific fetishistic form, in its material expression as money. How money, however, comes to fetishistically obfuscate and simultaneously 'represent' abstract-human labour and 'socially necessary labour time' (value's magnitude), cannot be demonstrated *ab ovo* – it has to be shown *in the process* of the analysis of the capitalist production process and bourgeois political economy's blind spots. Here also lies the significance of Marx's polemical exclamation (about a reviewer of Capital Volume I in the German regional paper *Centralblatt*) in the famous letter to Kugelmann:

> The chatter (*das Geschwätz*) about the need to prove the concept of value arises only from complete ignorance both of the subject under discussion and of the method of science. Every child knows that any nation that stopped working, not for a year, but let us say, just for a few weeks, would

103 Uno 1973 [1947], pp. 293–4.

104 In an often underappreciated passage, Marx honours the scientific endeavours of his predecessors in their attempt to demonstrate the economic relations *post festum*, and yet points to their inability to apply this method to the 'absurd form' that money takes the position of the 'collective labour of society': 'Reflection on the forms of human life, hence also scientific analysis of those forms, takes a course directly opposite to their real development. Reflection begins post festum, and therefore with the results of the process of development ready to hand … Consequently, it was solely the analysis of the prices or commodities which led to the determination of the magnitude of value, and solely the common expression of all commodities in money which led to the establishment of their character as values. It is however precisely this finished form of the world of commodities – the money form – which conceals the social character of private labour and the social relations between the individual workers … If I state that coats or boots stand in a relation to linen because the latter is the universal incarnation of abstract human labour, the absurdity of the statement is self-evident. Nevertheless, when the producers of coats and boots bring these commodities into a relation with linen, or with gold or silver (and this makes no difference here), as the universal equivalent, the relation between their own private labour and the collective labour of society appears to them in exactly this absurd form'. Marx 1976, pp. 168–9.

> perish (*verrecken würde*) ... Where science comes in is to show *how* the law of value asserts itself. So, if one wanted to 'explain' from the outset all phenomena that apparently contradict the law, one would have to provide the science *before* the science. It is precisely Ricardo's mistake that in his first chapter, on value, all sorts of categories that still have to be arrived at are assumed as given, in order to prove their harmony with the law of value.[105]

Yet, to contend that the methodological introduction of the role of commodity owners changes the 'arbitrariness' of the labour theory of value, only indicates Uno's problematic understanding of Marx's own method and introduces *other* methodologically dubious presuppositions, as the following will show.

One of Uno's main divergences from Marx's presentation is that the linen possesses the function of 'use value in a particular amount' for the owner of the linen. Uno understands that the linen in the relative value form expresses value quantitatively: 'The linen, the commodity in the relative value form, that *expresses value quantitatively*, does not express its value by a fixed amount of its use value, but through the opposition to the commodity in the equivalent form, a fixed amount of the coat'.[106] Uno argues that if the commodity in the equivalent form can only be a 'fixed amount', and if the value of the relative value form-commodity rises or falls, it must be expressed in a 'fixed amount' of this particular equivalent value form. But then *only the amount of the relative value form changes*. For Uno, if the value of the coat rises or falls, the *linen* is subject to change: '... if, on the contrary, the value of linen sinks by the half or the value of the coat is doubled, then it will take on the expression of 40 yards of linen = 1 coat'.[107] However, linen does not express its value quantitatively. The linen does not express value at all – it is the *coat* that expresses the linen's value. Regardless of whether the value of the linen rises or falls, it is always expressed in the *coat*. Uno's interpretation distorts the meaning of the value equation as the expression of the *value of a particular quantity of a given commodity*. To this problem, Marx gives a pertinent answer in the subsection on 'The quantitative determinacy of the relative form of value' (which is not be confused with any *value expression* of the relative from of value). Here, Marx

105 Marx 1988 [1868–70], pp. 68–9. Reichelt's bizarre interjection that Marx's polemical tone indicates that he believed himself to have been 'caught red-handed' (Reichelt 2013, p. 108) only reveals Reichelt's own shortcomings in understanding Marx's method, against Reichelt's better insights in *The Logical Structure of the Concept of Capital* (2001 [1970]).

106 Uno 1973 [1947], p. 293.

107 Uno 1973 [1947], p. 293.

states that, as a matter-of-fact, 40 yards of linen = 1 coat can be expressed as 20 yards of linen = ½ coat: if the value of the coat rises (or is doubled, as in Uno's and Marx's example), 20 yards of linen are expressed in ½ coat. If the value of the coat falls by half, 20 yards of linen = 2 coats. In other words: if the value of the linen is doubled, then 20 yards of linen = 2 coats, if its value falls by half, then 20 yards of linen = ½ coat. The value of the quantity of the linen is expressed in the coat. What Uno seems to be missing is Marx's statement that 'Hence, if the value of the commodity A remains constant, its relative value, as expressed in commodity B, rises and falls in inverse relation to the change in the value of B'.[108] In other words, Uno maintains that the coat cannot represent the value of the linen without the assumption of the commodity owner, because the *linen* must change quantitatively, according to *its own* value, as use-value of a particular amount. But in Marx, it is the coat that *expresses* this value, and it is irrelevant whether we express the value of the linen in 20 yards = ½ coat or 40 yards = 1 coat. How could we measure the value of the linen if not the coat, but the *linen* changed its magnitude? If the equivalent form were a *certain given* amount, be it 1, 2, or 100, we would absurdly have to adjust the amount of the linen to its particular expression in the coat to know the value of the linen. What we will *then* know, however, is the reversed relation – the coat would be in the relative, and the linen in the equivalent form! *We would still not know the value of the linen.*

108 Marx 1976, p. 145. Interestingly, one of Marx's contemporaries, John Broadhurst, who attempted to 'cut away the ground' from Ricardo's labour theory of value, made a similar argument to Uno's that Marx refers to in a footnote to the second edition: 'The vulgar economists have exploited this lack of congruence between the magnitude of value and its relative expression with their customary ingenuity. For example: "Once admit that A falls, because B, with which it is exchanged, rises, while no less labour is bestowed in the meantime on A, and your general principle of value falls to the ground … If he [Ricardo] allowed that when A rises in value relatively to B, B falls in value relatively to A, he cut away the ground on which he rested his grand proposition that the value of a commodity is ever determined by the labour embodied in it; for if a change in the cost of A alters not only its own value in relation to B, for which it is exchanged, but also the value of B relatively to that of A, though no change has taken place in the quantity of labour to produce B, then not only the doctrine falls to the ground which asserts that the quantity of labour bestowed on an article regulates its value, but also that which affirms the cost of an article to regulate its value". (J. Broadhurst, Political Economy, London 1842, pp. 11 and 14). Mr Broadhurst might just as well say: consider the fractions 10/20, 10/50, 10/100 etc. The number 10 remains unchanged, and yet its proportional magnitude, its magnitude in relation to the numbers 20, 50, 100 continually diminishes. Therefore, the great principle that the magnitude of a whole number, such as 10, is "regulated" by the number of times the number 1 is contained in it falls to the ground'. Marx 1976, pp. 146–7.

Another grave inconsistency of Uno's interpretation is his insistence that the value expression in particular magnitudes is not caused by the measure of socially necessary labour time, but motivated by *choice*.

Uno's objection against socially necessary labour time as the 'immanent measure of value' because of the variability of the *value expression* (not *value* itself) recalls Bailey's polemic against Ricardo's 'invariable' and 'immanent' measure of value inherent in the commodities exchanged, namely that 'it (value) cannot alter as to one of the objects compared, without altering as to the other'.[109] This is quite true. However, this does not present an argument *against* an immanent measure of value. Quite to the contrary, as Marx points out in his extensive discussion of Bailey's concept of value as 'quantity without quality': 'Bailey identifies the "invariable measure of value" with the search for an immanent measure of value, that is, the concept of value itself'. However,

> [variability] is precisely the characteristic of value. The term 'invariable' expresses the fact that the immanent measure of value must not itself be a commodity, a value, but rather something which constitutes value and which is therefore also the immanent measure of its [the commodity's] value. Bailey demonstrates that commodity values can find A MONETARY EXPRESSION and that, if the value relation of commodities is given, all commodities can express their value in one commodity, although the value of this commodity may change. But it nevertheless always remains the same for the other commodities at a given time, since it changes SIMULTANEOUSLY in relation to all of them. From this he concludes that no value relation between commodities is necessary nor is there any need to look for one. Because he finds it reflected in the MONETARY EXPRESSION, he does not need to 'understand' how this expression becomes possible, how it is determined, and what in fact it expresses.[110]

Uno, like Bailey, confounds the determinations of an 'immanent' with the determinations of an 'invariant' measure. He subsequently disavows the perfectly logical possibility that an 'immanent measure' can be *variable* – and in the case of abstract labour *indeed must be*.[111] It is in this sense that value-

109 Bailey 1967 [1825], p. 5. Quoted in Marx 1989b [1861–3], p. 331.

110 Marx 1989b, p. 348. See also Brentel 1989, p. 11, who discusses Bailey's mistake at length. All capitals in the original.

111 In a striking analogy, Marx quotes Bailey – 'It is impossible to designate or express the

producing labour during the working day is *variable* for Marx, as is the proportion, measured in time, between its paid and unpaid components – *ecce* what had to remain a mystery in Ricardo's lopsided view of the exchange between capital and labour.[112] In other words, for Uno, 'the exchange value of a commodity', as Hyoen-Soo writes, 'that is, its value form, ought not to be its exchange relation in a different commodity. Rather, it merely indicates a one-sided expression of the value of a commodity by its owner in relation to the use value of the other, desired commodity. The value expression in the simple value form in Uno is nothing else but the subjective evaluation of the linen owner, and hence it has nothing to do with the value expression of the coat owner'.[113] At this point, Uno's methodologically individualist and subjectivist view can be diagnosed with precision. It aligns itself with Bailey's view that determines the emergence of value exclusively in the *exchange* of commodities, so that 'value denotes consequently nothing positive or intrinsic, but merely the relation in which two objects stand to each other as exchangeable commodities'.[114] In the *Principles*, we read: 'For the owner, the commodity must be shown to be freely exchangeable with a specific quantum of another commodity. This is how the commodity receives its value'.[115] But if this were true, the question of how value could become price without causing the chaos of a myriad of subjective evaluations, could never be arrived at.[116] But our uneasiness in Uno's objection to Marx's analysis lies deeper: like Bailey, Uno is unable to determine a measure of value that gives rise to the 'subjective' evaluations of the commodity owner in the first place. It is therefore burdened with unproven presuppositions that Uno ironically laments as a fault in *Marx's* theory of value. Considering this possibility, Uno claims:

> A commodity offered at a certain price is socially confirmed in its value only when it is recurrently purchased at that price by the money-owners who demand that commodity. … A once-and-for-all purchase, therefore, does not confirm the value of a commodity; it is confirmed only when,

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value of a commodity, except by a quantity of some other commodity' – to comment: '(As impossible as it is to "designate" or "express" a thought except by a quantity of syllables. Hence Bailey concludes that a thought is – syllables.)' Marx 1989b [1861–3], p. 333.

112 See Chapter 1.

113 Hyeon-Soo 1995, p. 72.

114 Bailey 1967 [1825], pp. 4–5.

115 Uno 1964, p. 21.

116 These 'subjective evaluations' of course inform the price formation theory of neoclassical economics, which Uno's view ultimately leans on.

> in recurrent transactions at prices fluctuating in response to the forces of demand and supply, a central price emerges at which normal trade takes place.[117]

Without any further mediation, the 'forces of demand and supply' fill in for a missing conceptualisation of the basis for exchange relations in Uno. But far from being presuppositionless, the framework of 'demand and supply' *abounds* with methodological presuppositions. In this claim, the social conditions that must be fulfilled so that the individual can appear as a demanding and supplying agent on the market are left unaddressed. Moreover, what social conditions have to be fulfilled, so that the *market itself* can appear as an adequate site to social production and distribution? 'Demand and supply' already presuppose market relations, which presuppose a mode of production for which market relations form the adequate form of exchange, which presupposes generalised commodity production which itself presupposes the relation between capital and labour as a *class* relation. In other words, Uno's framework relies on an understanding of society based on individual choice and want as an immediate and direct object of cognition. In Uno's conception of this object, individual freedom is an uncontested 'given', not a historically specific manifestation of society in which commodity exchange mediates *class relations*. We have seen that, for Marx, the 'confrontation between capital and labour' is hidden in the 'simplest notion of exchange', in which the notion of socially necessary labour time comes to assume the objective determinant of value 'behind the backs' of the producers. This framework is not only absent, it is contested by Uno in favour of a general notion of individual choice and want that in no way addresses the specificity of exchange relations as they prevail in a *capitalist* society. It therefore unsurprising that Uno's conception should regress to a purely subjective notion of value in which its social character is eclipsed.[118]

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117 Uno 1980, p. 9.

118 Uno further betrays his own theoretical roots in neoclassical economics when he argues that the decisions of individuals in a capitalist commodity-society ultimately contribute to the common best: '[The commodity-economic laws] … emerge as a large number of independent individuals repeatedly strive to achieve their own self-seeking and myopic goals by the process of trial and error. For the totality of their acts, plied each independently, ends by forging stable social relations that suit capitalist society'. Uno 2016 [1971], p. 16. 'The economic laws are enforced through this corrective process [of the law of value], in which social imbalances tend to be removed, as individual producers pursue their profits'. Uno 2016 [1971], p. 17.

3.2.2 *The Four Peculiarities of the Equivalent Form*

The mystery of value Uno unwittingly confronts, however, does not lie in the relative form of value. It lies in the equivalent form. In the subsection on 'The equivalent form', Marx – in the appendix to the first edition of *Capital* more prominently than in the subsequent editions – points to the 'four peculiarities' (*Eigenthümlichkeiten*) of the equivalent form. This is the single most important theoretical insight Marx gains from the analysis of the value form. It presents the explanatory framework for the inherent nexus between abstract labour, value and money, *as the emergence of the fetish-character of the value form*, i.e. the nexus that Uno fails to identify. In other words, it comprises Marx's analysis of the *fetishism* of the value-form as we confront it in bourgeois political economy.

In the *first peculiarity* of the equivalent form, we find that the 'use-value becomes the form of appearance of its opposite, of value'.[119] This has already been demonstrated in the *task* of the simple form of value, namely to demonstrate the possibility of how one particular commodity (the linen) can express *its own* value in *another commodity* 'outside and alongside it', and more particularly in its 'natural form' or use value. Yet, the use value of the coat assumes the appearance of its *opposite*, value. But this only happens

> *within the value-relation* to it, into which any *other* commodity A (linen, etc) enters, and *only within this relation*. In itself, considered in isolation, the coat, e.g., is only a useful thing, a use-value, just like the linen, and hence its coat-form is only the form of use-value (*ist nur Form von Gebrauchswert*) or *natural form* of a definite type of commodity. But since no commodity *can relate to itself as equivalent* and therefore *also cannot make its own natural hide an expression of its own value*, *it* must *relate itself to another commodity* as *equivalent* or make the natural hide of the body of *another* commodity *its own value-form*.[120]

This is the first inversion that goes unnoticed by Uno. Marx provides the reason for the 'mysteriousness of the equivalent form, which only impinges on the crude bourgeois vision of the political economist when it confronts him in its fully developed shape, that of money'.[121] It is precisely that the equivalent form,

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119 https://www.marxists.org/archive/marx/works/1867-c1/appendix.htm, see also Marx 1976, p. 148.

120 https://www.marxists.org/archive/marx/works/1867-c1/appendix.htm, see Marx 1983 [1867], p. 632. Original emphasis.

121 Marx 1976, p. 149.

the coat (or gold, or money) 'seems to be endowed' with the 'natural' property of direct exchangeability. For Uno, however, (and the representatives of the Uno School, as we will show later) there is nothing mysterious about money. The 'want of the commodity owner' and the 'offer to sale' simply sweep the *particular problem of the conditions of possibility of value expression* under the carpet by not addressing it. Also the *second peculiarity* of the equivalent form, namely that 'concrete labour becomes the form of manifestation of its opposite, abstract human labour',[122] is denied flat out by Uno, as we have shown. Let us again consider the first edition of *Capital*:

> The coat counts in the expression of the value of the linen *as the value-body*, hence its *bodily or natural form* as *value-form*, i.e. therefore as *embodiment of undifferentiated human labour*, human labour as such (*schlechthin*). But the labour by which the useful thing which is the coat is made and by which it acquires a definite form, is not *abstract human labour*, human labour as such, but a *definite useful, concrete type of labour* – the labour of tailoring. The simple relative value-form requires (*erheischt*) that the value of a commodity, linen, for example, is expressed only *in one single other type of commodity*. *Which* the *other* type of commodity is, is however, for the simple value-form, completely irrelevant. Instead of the commodity-type '*coat*' the *value* of the linen could have been expressed in *wheat*, or instead of wheat, in *iron*, etc. But whether in coat, wheat or iron, in every case the *equivalent* of linen counts *as the body of value* with regard to the linen, hence *as embodiment of human labour as such*. And in every case *the definite bodily form of the equivalent*, whether coat or wheat or iron, remains embodiment *not* of *abstract human labour*, but of *a definite concrete useful type of labour*, be it the labour of tailoring or of farming or of mining. The *definite concrete useful labour*, which produces the *body* of the commodity which is the *equivalent* must therefore, *in the expression of value*, *always necessarily count as a definite form of realisation or form of appearance, i.e. of abstract human labour*. The coat, for example, can only *count* as the *body of value*, hence as *embodiment of human labour as such*, in so far as the labour of tailoring *counts as a definite form*, in which human labour-power is expended or in which abstract human labour is realised.[123]

122 Marx 1976, p. 150.

123 https://www.marxists.org/archive/marx/works/1867-c1/appendix.htm, see Marx 1983 [1867], p. 634.

Here is the answer to Uno's aforementioned criticism that it is 'impossible to compare and measure the labour of others producing other products … as the labour of human beings'. Because only insofar as the coat counts as the 'body of value', hence as the *embodiment of human labour as such*, and *not* a specific other kind of labour expended in the process of making the coat, can the linen measure its own value in it. Inversely, were the coat merely the result of tailoring, it could not count as the value expression of the linen, which is the result of an entirely different process (weaving). But *only if* the coat counts as the expression of *general human labour*, labour as such, can it assume the function of expressing the *value* of the linen, which answers Marx initial question about the condition of possibility for exchange. This inversion, however, escapes Uno, hence he cannot accept that the equivalent form should present value (and consequently money), because it serves as the embodiment of human labour in the abstract. For Uno, instead, the want of the linen owner serves as the value expression of the linen, leaving entirely open the question of the general condition for commodity exchange. What is indeed lacking is a *common denominator* (a 'third' or *tertium comparationis*), which would allow the commodity owner of the linen to make an evaluation in the first place. What is lacking is a 'third of the comparison', i.e. the quality that two things compared have in common, or that which *prompts* the comparison at all. This is also why, as we will see soon, an individual can only exchange her commodity for another if the exchange process of commodities is *already generalised* – through money. There is no such thing as 'individual commodity exchange'. But in order to explain money as the 'enabler' of generalised exchange, one must first explain how money comes to assume the position of the general equivalent. This, however, is only possible, because *money is abstract and general human labour*, not one kind of labour in particular.

In the *third peculiarity* of the equivalent form, 'private labour takes the form of its opposite, namely labour in its directly social form'.[124] Here we can see how Marx rests his analysis of the value form on the totality of the relations of production in a developed capitalist economy in which the expenditure of private labour can only validate itself socially, as the mediation of the aggregate labour performed in the society as a whole. In a different context, Marx therefore states:

124 Marx 1976, p. 151.

> The owners of commodities therefore find out that the same division of labour which turns them into independent private producers also makes the social process of production and the relations of the individual producers to each other within that process independent of the producers themselves; they also find out that the independence of the individuals from each other has as its counterpart and supplement a system of all-round and material dependence.[125]

In the appendix to the first edition of *Capital*, there is a 'fourth particularity' of the equivalent form that in the subsequent editions, as is well known, forms an entire subchapter, 'The Fetish Character of the Commodity and its Secret'. It corresponds to the 'Fourth peculiarity of the equivalent form: the fetishism of the commodity-form is more striking in the equivalent form than in the relative value-form'.[126] Marx shows that it is precisely the identification of use value (the natural, immediate, sensuous properties of the commodity as a 'thing') *with value* (the social characteristics of the commodity, grounded in the specific productive conditions that make generalised exchange its adequate distributive form) that gives rise to fetish-character of the commodity.[127] What interests us is precisely the *inversion of the essence to its precise opposite in the appearance* of value that Uno fails to see. If one thing manages to appear *at*

125 Marx 1976, p. 255.

126 https://www.marxists.org/archive/marx/works/1867-c1/appendix.htm. See also Marx 1983 [1867], p. 637.

127 'Now this fetish-character emerges more strikingly in the *equivalent-form* than in the *relative value-form*. The *relative value-form* of a commodity is *mediated*, namely by *its relation to another* commodity. Through this value-form the *value* of the commodity is *expressed* as something *completely distinct* from its own sensible existence. At the same time it is inherent in this that *existence as value* (*Wertsein*) is a *relation* which is *alien* to the thing itself and hence that its *value-relation* to another thing can only be the *form of appearance* of a *social relation* hidden behind it. Conversely with the *equivalent-form*. It consists precisely in the fact that the *bodily* or *natural form* of a commodity *counts immediately as the social form*, as the *value-form* for another commodity. Therefore, *within our practical interrelations, to possess the equivalent-form* appears as *the social natural property* (*gesellschaftliche Natureigenschaft*) of a thing, as a property pertaining to it *by nature*, so that hence it appears to be *immediately exchangeable* with other things just as it exists for the senses (*so wie es sinnlich da ist*). But because *within the value-expression of commodity A* the equivalent-form pertains by nature to the *commodity B* it seems also to belong to the latter by nature *outside of this relation*. Hence, for example, the riddle (*das Rätselhafte*) of *gold*, that seems to possess, by nature, apart from its other natural properties, its colour, its specific weight, its non-oxydisability in air, etc., also the equivalent-form, or the social quality of being *immediately exchangeable* with all other commodities'. https://www.marxists.org/archive/marx/works/1867-c1/appendix.htm. See also Marx 1983 [1867], p. 638.

the same time and with regard to the same aspects as its *exact opposite*, we are no longer dealing with an economic theory of value based on rational choice, methodological individualism, or subjective evaluation of commodity owners. We are not dealing with a *conscious* phenomenon at all. Uno fails to grasp this, and at the same time fails to grasp the origin of the fetishism of both the commodity and its more developed form, money.

This is also reflected in the second part of *The Political Economy of Capital* (*Shihonron no keizaigaku*, 1969), 'Two Particular Terminologies in Marx's Political Economy – On "Fetishism" and "Metamorphosis"', one of the few instances where Uno discusses the three peculiarities of the equivalent form. He argues that

> it is certainly a fact (*jijitsu*) that the equivalent commodity of the 'simple form of value' contains the secret of the money form. But it is wrong to directly generalise this. While Marx, in the section on 'The Equivalent Form' draws attention to the fact that '[the] natural form of the commodity becomes its value-form', that 'this substitution only occurs in the case of a commodity B … when some other commodity A (linen etc.) enters into a value-relation with it, and then only within the limits of this relation',[128] he really says that 'the equivalent form possesses a second peculiarity: in it, concrete labour becomes the form of manifestation of its opposite, abstract human labour'[129] and that '[thus] the equivalent form has a third peculiarity: private labour takes the form of its opposite, namely labour in its direct social form'.[130] But I think that the development towards the money form is already anticipated. That, however, is not all. In fact, the labour that produces the money commodity of gold is certainly not directly the 'form of appearance of abstract-human labour', and it is neither 'labour in directly social form'. Like other commodities, it is nothing but the product of 'private labour'.[131]

Uno rejects the idea that the labour that produces gold is 'directly' abstract-human labour as such. And of course it is not. But this is *not* Marx's argument in the context of the three (resp. four) peculiarities: the argument is not about the production of gold or any other commodity that serves as money, which is indeed the product of concrete-useful and 'private' labour, but about the *pre-*

128 Marx 1976, p. 148.
129 Marx 1976, p. 150.
130 Marx 1976, p. 151.
131 Uno 1974 [1969], p. 78.

condition for exchange, in which the commodity in the equivalent form must assume a form that renders it equivalent to the other commodity. Marx shows that this common denominator cannot be the specific concrete labour that went into the different kinds of production of different commodities. It must therefore 'assume the position' of abstract labour. It is *in this sense* that 'gold' assumes this position. There is no question that gold production is concrete labour, and so is the tailoring that makes the coat. But as the products of concrete labour, they cannot represent the other commodity. They can only *do so as abstract labour*, labour representing *all* and *no specific* commodity at the same time. Uno however pays no heed to this inversion taking place in the peculiarities which are crucial to an understanding of the emergence of the fetish-character of the commodity – and that of money.

3.2.3 *The Role of the Commodity Owner in the Expanded and in the General Form of Value*

As is clear from the previous discussion, Uno centres his interpretation on the relative importance of *use* value. In his critique of the expanded form of value (z commodity A = u commodity B or v commodity C or = w commodity D or x commodity E or = etc.; 20 yards of linen = 1 coat or = 10 lb. Tea or = 40 lb. Coffee or = 1 quarter of corn or = 2 ounces of gold or = ½ ton of iron or = etc.),[132] Uno claims that the series of commodities that could serve as equivalent forms of value is not infinite, nor is this *form* an extension of the simple form. In already anticipating the money form, Marx's flaw, according to Uno, consists in that the 'citizen' in the world of commodities as the 'joint contribution of the whole world of commodities'[133] [*gemeinsames Werk der Warenwelt*, rather 'enterprise' or 'deed' than 'contribution'] of all the other commodities cannot be arrived at without the logic of the commodity owner. For Uno, this already becomes clear in the expanded form of value: 'I think this schema [20 yards of linen = 10 pounds of tea] does not follow from 20 yards of linen = 1 coat. Also in this case, the tea is wanted by the commodity owner, because it represents a *certain amount* of what he wants. So, depending on the fact, it might as well be 10 yards of linen = 5 pounds of tea'.[134] In the *Principles*, Uno repeats the argument, adding emphasis on the use value and quantitative dimension of the equivalent. He maintains that the value expression 20 yards of linen = 1 coat expresses the value of the linen pure and simple, without making a claim as to

132 Marx 1976, pp. 154–5.
133 Marx 1976, p. 159.
134 Uno 1973 [1947], p. 299, Footnote. Emphasis added.

the value of the *20 yards*. Because the value expression hinges on the subjective evaluation of the commodity owner of A alone,

> the linen owner must regulate the quantity of his linen standing in its position of *relative value-form* every time a different *equivalent commodity* enters his value expression with a specific quantity. For instance, if he sets aside twenty yards for a coat, he may set aside 2 yards for half a pound of tea, etc. Marx's illustration in which the same 'twenty yards of linen' face some quantities of all the *equivalent commodities* … fails to bring home the significance of the equivalent commodities whose 'use-value' alone can reflect the value of the linen.[135]

From this evaluation, Uno's misinterpretation of the function and task of Marx's analysis of the value form becomes crystal clear. Let us stress two aspects that strike us as indicative of Uno's misunderstanding. First, if only to repeat what is fundamental to the exegesis of the value form, the function and task of value form analysis in Chapter 1 of *Capital* Volume 1 lies in having '*to show the origin of this money-form*, [such that] we have to trace the development of the expression of value contained in the value-relation of the commodities from its simplest, almost imperceptible outline to the dazzling money-form'. As a starting point, this would require the determination of the value of the commodity in the relative form of value, e.g. linen. As a matter of fact this can only be accomplished if we assume a *particular amount* of the linen. 'Linen pure and simple' can never take the form of a commodity (unless we think that concepts can be weighed and measured). If we admit that 'the concept of linen' cannot be subject to value expression, we must attach a particular amount to it. This has nothing to do with the subjective *gusto* of the commodity owner: we do not strive to know how much of the linen the commodity owner would 'set aside'; we strive to know the *value of the linen*. Hence, Uno confuses the task of the analysis of value, i.e. to reveal the 'secret' of the value form of money, with an analysis of the *personal wants* of the commodity owner ('how much can I get for this particular commodity?') – a hypothesis that, as argued above, is in itself fraught with methodological presuppositions that Uno at no point considers. But, since the value of a commodity can never be expressed *in its own* 'natural shape', it must be expressed in *another* commodity. Hence the coat. However, the coat does not remain the only commodity in which the 20 yards of linen find their value

135 Uno 1980, p. 8.

expression. The simple form is defective and needs extension. The value of a commodity A can also express itself in the natural form of another commodity B, C, D, etc., so that we arrive at an infinite series of commodities that represent the value of 20 yards of linen. And here is the second significant gap in Uno's interpretation of the value form: in the total or expanded form of value, Marx, whose intention is to demonstrate the social origins of the *money form* of value, demonstrates the gradual *exclusion of the use value aspect* from the value relation of commodities – something that Uno ignores.

Because the value of the 20 yards of linen can indeed be expressed in many different types of commodities, *it is of no importance which use value these commodities serve*: they only serve as *value expressions* of the linen. The answer to the question 'How is it possible that the value of a commodity expresses itself in the use value of another?' entails the reversal of the question: it is only possible on the basis that the value of a commodity *is not expressed in the use value of another at all*. In the expanded form of value, i.e. the inversion of the value expression (20 yards of linen = 1 coat or = 10 lb. Tea or = 40 lb. Coffee or = 1 quarter of corn or = 2 ounces of gold or = ½ ton of iron or = etc.), Marx stresses the 'indifference' of the use value in the equivalent form:

> … the endless series of expressions of its [the commodity's] value implies that, from the point of view of the value of the commodity, the particular form of use-value in which it appears is a matter of indifference.[136]

He further argues:

> The accidental relation between two individual commodity owners disappears. It becomes plain that it is not the exchange of commodities which regulates the magnitude of their values, but rather the reverse, the magnitude of the value of commodities which regulates the proportion in which they exchange.[137]

This gradual abstraction from use value is so important for the understanding of the money form that Marx adds:

> The second form, B, distinguishes the value of a commodity from its own use-value more adequately than the first, for the value of the coat now

136 Marx 1976, p. 155.
137 Marx 1976, p. 156. Quoted in Uno 1973 [1947], p. 298.

> stands in contrast with its natural form in all possible shapes, in the sense that it is equated with linen, iron, tea, in short with everything but itself.[138]

In other words, being a 'coat' is only a determination among many other possible placeholders for the value of the linen, e.g. tea, coffee, corn, gold, etc. Uno however rejects the idea that the coat merely serves as the 'value body' (*Wertkörper*) of the linen etc., for to him the linen still also represents a certain amount of use value. Therefore, neither can the *use value of the commodity in the relative form* be abstracted from, for it is maintained in the value expression of the use value in the equivalent form, according to Uno. The various use values should *also* be expressed in various amounts, according to Uno, so that, unlike Marx's presentation of the extended form of value, it should rather be:

> 1 coat = 20 yards of linen
> 5 lb. of tea = 10 yards of linen
> 10 lb. of coffee = 5 yards of linen
> 2 quarters of corn = 40 yards of linen
> 10 ounces of gold = 200 yards of linen
> ½ ton of iron = 20 yards of linen
> x commodity A = Y yards of linen.[139]

Uno goes on to quote Marx to claim that this equation fulfils both the conditions of the expanded as well as the general form of value: 'The commodities now present their values to us, (1) in a simple form, because in a single commodity; (2) in a unified form, because in the same commodity each time. Their form of value is simple and common to all, hence general'.[140] Needless to say, Marx makes this statement about the *general* value form in which a *particular amount of one* commodity acquires the position of value equivalent to all the other commodities. Form (c), the general value form, is arrived at by *abstracting entirely* from the use value of the commodity in the equivalent form, while '[the] two previous forms (let us call them A and B) only amounted to the expression of the value of a commodity as something distinct from its own use-value or its physical shape as a commodity'.[141] With his reformu-

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138 Marx 1976, p. 158.

139 Uno 1973 [1947], pp. 301–2. See also Takatsuka Yoshihirō's critique of Uno's reformulation of the expanded form of value, in Takatsuka 1979, pp. 56–9.

140 Marx 1976, p. 157. Quoted in Uno 1973 [1947], p. 302.

141 Marx 1976, p. 158.

lation of the schema, Uno collapses the difference between form (b) the expanded form, and (c) the general form. Yet, he agrees with Marx on an important point: namely that in forms A and B, it is 'the private task … of the individual commodity to give itself a form of value, and it accomplishes this task without the aid of the others, which play towards it the merely passive role of the equivalent'.[142] The commodity owner is not required to understand how this form emerges, only how the particular *amounts* emerge. This however changes dramatically, in Uno's view, when the relative value form in the general form of value is concerned. Suddenly, a *qualitative* change occurs that affects not only the quantities, but the very *form* in which the equation becomes general. To understand this, the role of the relative value form in relation to the commodity owner becomes inevitable. When Marx says: 'The general form of value, on the other hand, can only arise as the joint contribution of the whole world of commodities. A commodity only acquires a general expression of its value if, at the same time, all other commodities express their values in the same equivalent; and every newly emergent commodity must follow suit …',[143] Uno understands the commodity owner as a prerequisite for this development:

> The owner of the coat, like the owners of the tea, coffee, corn, and so on, express the value of each commodity in a single, identical commodity that is the linen. This is established as the 'joint contribution of the whole worlds of commodities' … when these commodities express their value opposite the linen, one cannot say that their use value is abstracted from.[144]

To prove his point, Uno quotes Marx to show that the use value aspect is not simply passive and to be abstracted from in the relative value form. Thus, the labour objectified as the values of all commodities except the linen

> is not just presented negatively, as labour in which abstraction is made from all the concrete forms and useful properties of actual work. Its own positive nature is explicitly brought out, namely the fact that it is the reduction of all kinds of actual labour to their common character of being human labour in general, of being the expenditure of human labour-power.[145]

142 Marx 1976, pp. 158–9.
143 Marx 1976, p. 159.
144 Uno 1973 [1947], p. 302–03.
145 Marx 1976, pp. 159–60. Quoted in Uno 1973 [1947], p. 303.

But this 'positive character' cannot help but be expressed as *abstract human labour*. Indeed, the reduction to abstract human labour is a 'positive' one, because it unifies the values of the commodities to give them social validation, it does not merely rely on a negative definition ('abstraction from'). 'Positive' and 'negative' are used as *logical* terms, not as qualifiers denoting *value judgments*. Uno does not notice that Marx's statement has nothing to do with 'preserving' the use value side of the commodities. To the contrary. The evolution of the value form that 'sheds' use value is constitutive of the universal equivalent of money.

Uno does not consider the problem of the fetish-characteristic of value. We have argued that this flaw can be traced back to his disavowal of the 'three peculiarities' of the equivalent form and the inversion constitutive for it, especially that of value and use value.[146] But it is precisely the merit of Marx's theory of value (which is tantamount to his theory of money) to have 'rejected theories which derived value from use value, money from the technical properties of gold, and capital from the technical productivity of means of production'.[147] Instead, Marx's analysis is an analysis of the *social* forms value assumes and their obfuscation in their technological and material forms of appearance. As Simon Clarke observes,

> Marx showed that the individual is only constituted as a private individual, and property as private property, on the basis of a mode of social production in which the co-ordination of social labour is achieved through the alienated form of the exchange of the products of labour as values. The apparent form of exchange as the exchange of things between private individual property owners is accordingly only the fetishised form of appearance of social relations between people. The exchange relation is therefore inexplicable in abstraction from the particular social relations it articulates: the form of exchange cannot be detached from its social content, a content which political economy only conceals by attributing social powers to things. Similarly, the technologistic conception of production is only the fetishised form of appearance of capitalist social relations of production, in which the production of things is subordin-

146 There is a striking similarity of Uno's approach to fetishism with the Russian economist Pyotr Struve (1870–1944) who sees the problem of fetishism not implied in the concept of value, but in capital, although capital is only a further developed value form. For a discussion of Struve, see Rubin 1973 [1928], p. 49 ff.

147 Rubin 1973 [1928], p. 41.

> ated to the production, appropriation and accumulation of surplus value, as the alienated form of surplus labour.[148]

Uno, in his critique of abstract labour as the basis for exchange relations, insisting on its substitution for the individual want of the commodity owner, is little aware of the inversion of the *material* and the *social* relations of production, expressed in the fact that value appears as a 'thing' that exerts its magical spell over the productive relations between people, so that 'the process of production has mastery over man, and man not yet mastery over the production process'.[149] It is precisely the gradual *dissociation from use value* that characterises the evolution of the money form, and money can be meaningfully applied only in *general social*, not in individual exchange situations. Marx's analysis demonstrates how 'our actions' already *presuppose* complex social structures – structures of developed commodity production, which presuppose money – that in turn put the framework of 'our actions' into perspective. As Rubin writes,

> … the capitalist glows with the reflected light of his capital, but this is only possible because he, in turn, reflects a given type of production relation among people. As a result, particular individuals are subsumed under the dominant type of production relations. The social form of things conditions individual production bonds among particular people only because the social form itself is an expression of social production bonds.[150]

By no means can the social implications of Marx's theory of value be understood if the 'want of the commodity owner of the commodity A' is taken to be the motive for exchange. This view truncates the relation between the relations of production and fetishism to a simplistic methodological framework of the rationality of individual agents, which itself is embedded in a specific social context that cannot be reduced to a 'sum of individuals'. What is at stake here is the concept of society that radically distinguishes Marx's from Uno's interpretation of value. For Marx, in contrast to Uno, society does not consist of individuals, but of the *relations* between them.[151] These relations, however, indicate a social mechanism that is not exhausted in individual actions, but

148 Clarke 1991, p. 163.

149 Marx 2008, p. 95. Own translation. The English translation is incomplete. See Marx 1976, p. 175.

150 Rubin 1973 [1928], p. 25.

151 For the significance of Marx's critique of methodological individualism in classical political economy, see Heinrich 1999, pp. 154–5.

take place in a social context, and in capitalism specifically that of class society. As Marx time and again emphasises, the exchange relations of the commodities, that is, their value, 'is not dependent either of the will of the wheat producer or on that of the owners of the other commodities'.[152] E.M. Lange, though also critical of Marx's analysis of the value form – for altogether different reasons than Uno – unwittingly expresses precisely what is significant about Marx's form of presentation:

> The whole process of the differentiation (*Ausdifferenzierung*) of money only gains momentum in Marx because the asymmetry of the relative form of value and the equivalent form is already projected in the simple value expression, and the commodity is hypothesised as the subject of action (*Handlungssubjekt*).[153]

Yet, the abstraction from 'individual wants' in exchange is paramount to Marx's analysis of the money form: in fact, the analysis of the value form in the first chapter of *Capital* is *not* an analysis of exchange at all, but of the *preconditions* and the economic form determinations for the *possibility for exchange*. This has also been noticed by Frank Engster[154] and Christian Iber, among others. In 'The Significance of the Difference between the Development of the Value Forms in the First and Second edition of *Capital*',[155] Iber delivers a powerful explanation for why Marx discarded the simultaneous presentation of value form analysis and exchange after the *Contribution*, to present the analysis of the value form *in separation* from the process of exchange in *Capital*. 'While in the *Contribution*, the solution to the "riddle of money" is embedded within the presentation of the exchange of commodity and money',[156] in *Capital*, the level of the exchange process is clearly demarcated from the level of value form analysis. 'If value form analysis is about the derivation of money from the eco-

152 Marx 1976, p. 196.

153 Lange 1978, p. 21.

154 Engster's rejection of the interpretation of value form analysis as an analysis of *exchange* is motivated by his critique of Sohn-Rethel's reading of Marx's '*systematic-categorial analysis* of the value-form of the commodity as an *empirical-historical event* (*Geschehen*)'. Engster 2009, p. 19. Engster's estimation is unequivocal: 'By misconceiving the significance of the non-empirical status of value-form analysis, Sohn-Rethel is unaware that Marx … does in no way develop a logic of commodity exchange … [nor] an exchange between "commodity owners", but the *necessity of money* from the purely logical-categorial analysis of the value form of the commodity'. Engster 2009, p. 20.

155 Iber 2006, pp. 189–99.

156 Iber 2006, p. 189.

nomic form determinations of the commodity, the analysis of the exchange process thematises the presentation of the reality of money that prevails as a necessity in the exchange process of commodity owners'.[157] Hence, in contrast to the earlier conceptions of value form analysis,

> *Capital* has a double objective: the development [of the value form] shows, first, that money can be *solely explained from the structure of the commodity*, and second, that, *precisely for this reason*, the exchange process as a social relation between subjects mediating commodity determinations is only possible on the basis of money.[158]

In the following discussion, we will show how Marx conceives of the money form as a *social contradiction* manifested in a 'palpable' form, and contrast it with Uno's interpretation of money as the 'solution' to the contradiction between value and use-value.

3.3 Uno's Theory of Money: Baileyan Assumptions

3.3.1 *Money as the 'Solution' to the Contradiction between Value and Use-Value?*

Here is how Marx argues the *sine qua non* of money in 'The transition from the general form of value to the money form':

> Only when this exclusion [of a specific commodity to serve as equivalent, ELL] becomes fully restricted to a specific kind of commodity does the uniform relative form of value of the world of commodities attain objective fixedness and general social validity.[159]

'At the same time', Uno comments, 'each commodity owner already simply demands the universal equivalent because of its *use value*, and because of that, cannot halt at the relation of the value expression of his own commodity'.[160]

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157 Iber 2006, p. 189.

158 Iber 2006, p. 190. Emphasis added. The first edition of *Capital* still assumes a middle position between the simultaneous presentation of the analysis of money and exchange and its separation, while already in the 1872 edition, the two presentations belong to different chapters.

159 Marx 1976, p. 162. Quoted in Uno 1973 [1947], p. 304.

160 Uno 1973 [1947], pp. 304–5. Emphasis added.

For Uno, the use value of the commodity in the equivalent form at this step of the development, which already serves as the *universal equivalent*, still counts as *use value*, not as *value*. But this can only be true insofar as, as Dieter Wolf argues,

> the value of individual commodities can never appear in a medium *different from its use value* (the commodity is a dead object, which has no means of communication, no language, etc.). [Because of that], value cannot appear in it at all (*Wert* [*kann*] *an ihr überhaupt nicht erscheinen*) … If the commodity must appear as value, it can do so only in the medium of use value, but then the commodity can only appear in a use value which is different from its use value.[161]

We have seen that both the relative form and the equivalent form count as *use values* for Uno: the relative form, because the commodity owner of the linen always takes the *quantity* of the linen into account, the equivalent form, because its use value expresses the value of the quantity or amount of the commodity in the relative form. The use value of the universal equivalent must hence be special: it conforms to a 'social function'. For Uno, in consequence, money must be a 'universal use value', a 'use value for everybody'. But for Marx, the movement from the simple form of value to the money form demonstrates the process of *total dissociation from use value* in the money form. Uno however sticks to Marx's initial condition that 'the value of a commodity must be presented in the use value of another'. The crucial point overlooked by Uno is that Marx, in the course of his presentation of the analysis of the value form, pervades with this condition to its utmost and consequential end – only to show that 'sticking to' the use value dimension of the equivalent is bound to end up in *self-contradiction*.[162] Exchange of something we can rightfully call 'commodities', and which therefore implies general commodity production, is *impossible without money*, for it already requires that the 'whole world of commodities' relates to one specific commodity as its universal equivalent. Crucially, therefore, the universal equivalent, *by virtue of its universality and generality*, undergoes an *inversion in which* its use value 'body' is paradigmatically *value*. This inversion corresponds to the first peculiarity of the equivalent form ('use value becomes the form of appearance of its opposite,

161 Wolf 1985, p. 141.

162 The problem of the self-contradiction in 'premonetary theories' of value is similarly brought up by Backhaus, in Backhaus 2011, pp. 149–50.

value'). It is important to note however that Marx arrived at this inversion, or paradox, only by following the *initial presupposition* through. Hence, in order to show the decisive *paradox* of money, in that money's use value precisely consists in being its *opposite*, namely *value*, Marx proceeds from the conventional notion that the value of a commodity is presented in the 'use value' of another. In the *Contribution* of 1859, Marx, as against the later version in *Capital*, still holds that with this move, the 'contradiction' between value and use value is apparently *solved*:

> The commodity which has been set apart as the universal equivalent is now an object which satisfies a universal need arising from the exchange process itself, and has the same use value for everybody – that of being carrier of exchange value or a universal means of exchange. Thus the contradiction inherent in the commodity as such, namely that of being a particular use value and simultaneously universal equivalent, and hence a use value for everybody or a universal use value, has been solved in the case of this one commodity.[163]

For Uno, the 'desire' or 'want' (*yōkyū*) for a commodity A, B (or C, etc.) is decisive not only for the quantities given in exchange, but also the role of money: 'Money necessarily evolves from such a desire for the commodity'.[164] He continues: '[Money] may not fundamentally solve the "opposition-contradiction" (*tairitsu mujun*) between value and use value in the commodity, but it is the method of solving it *in reality* [through the act of exchange]',[165] and in the *Principles*, he says:

> Money, therefore, is the first concrete step towards the settlement of the so-called contradiction between the value and the use value of a commodity, a contradiction that reflects the character of the commodity eco-

163 Marx 1987 [1857–61], p. 288. See, however, the later discussion of money as a means of circulation in which Marx admits to the 'inherent contradictions' made possible by money: 'The separation of sale and purchase makes possible not only commerce proper, but also numerous pro forma transactions, before the final exchange of commodities between producer and consumer takes place. It thus enables large numbers of parasites to invade the process of production and to take advantage of this separation. But this again means only that money, the universal form of labour in bourgeois society, makes the development of the inherent contradictions *possible*'. Marx 1987 [1857–61], p. 334.

164 Uno 1973 [1947], p. 309.

165 Uno 1973 [1947], p. 309.

> nomy which generates a social relation based on the individual pursuance by traders of private interest.[166]

'Traders of private interest' are however far removed from the analysis of money in Marx's presentation. Before money can be conceived of as something 'desired', he non-empirically traces money's constitutive role for exchange to the specific function it has as a 'merely formal existence', as 'empty signifier', as that which is precisely *not desired*, because it in itself *lacks any useful qualities*. In the same passage from the *Contribution*, therefore, Marx clarifies that money does not 'practically' solve the contradiction between use value and value, but *preserves* it:

> Whereas now the exchange value of all other commodities is in the first place presented in the form of an ideal equation with the commodity that has been set apart, an equation *which has still to be realised*; the use value of this commodity, though real, seems in the exchange process to have merely a *formal existence which has still to be realised by conversion into actual use values*.[167]

For Uno, on the other hand, 'it is not as the fixed amount of the use value of the equivalent, but through the different amounts of the money commodity that the value of the single units of each of the commodities is expressed: 1 ton of iron = 2 ounces of gold, 1 quarter of corn = 1 ounce of gold, 1 centner mocca coffee = 25 ounces of gold etc, 1 single unit of commodity A = X ounces of gold'.[168] In money as the 'universal use value', the contradiction of being a use value for its non-owner and a value for its owner, disappears. But Uno here overlooks the problem implied by money as value. At no point does he ask *why this kind of contradiction emerges in the first place*. Already in the *Grundrisse*, Marx sees the fundamental contradiction primarily in the notion of (exchange) value[169] – i.e. in money itself:

> It is not at all apparent on its face that its character of being money is merely the result of social processes; it *is* money. This is all the more difficult since its immediate use value for the living individual stands in

166 Uno 1980, p. 7.
167 Marx 1987 [1857–61], pp. 288–9.
168 Uno 1973 [1947], p. 306.
169 In the *Grundrisse*, Marx still uses 'exchange value' and 'value' synonymously.

> no relation whatever to its role, and because, in general, the memory of use value, as distinct from exchange value, has becomes entirely extinguished in this incarnation of pure exchange value. Thus the fundamental contradiction contained in exchange value, and in the social mode of production corresponding to it, here emerges in all its purity.[170]

Money is not use value – it is not food and shelter, clothes and schooling – but an expression of social relations of production in which food, shelter, clothes and schooling cannot be obtained, but *through it*. It indicates the fundamental contradiction in the capitalist mode of production, which is never directed at the satisfaction of *needs*. In different terms, money itself presents the contradiction in the fact that people cannot directly satisfy their needs, but *need money* in order to do so. In Clarke's words: '… money does not remove the uncertainty attached to particular exchanges, it merely expresses that uncertainty in a universal form. Money does not resolve the inconvenience of barter, it generalises it. Far from expressing the rationality of exchange, money expresses the irrationality of a system of social production in which provision for human need is achieved only through the alienated form of commodity exchange'.[171] Marx's unabashed critique of positions hypostasising money as a 'solution' to this contradiction must therefore also be viewed as a critique of the apologetics of bourgeois relations of production:

> … it is in the character of the money relation … that all inherent contradictions of bourgeois society appear extinguished in money relations as conceived in its simple form; and bourgeois democracy even more than the bourgeois economists takes refuge in this aspect … in order to construct apologetics for the existing economic relations.[172]

In the manuscripts to the *Theories of Surplus Value*, and finally, in *Capital*, Marx is even clearer: money is not at all perceived as the 'solution' to a contradiction – money 'does not abolish these contradictions, but rather provides the form in which they have room to move'.[173] Marx's attempt is directed at dismantling the 'apparent' solution money seemingly provides. In the *Theories of Surplus Value*, Marx therefore directly links what he calls the 'development of

170 Marx 1973, pp. 239–40.
171 Clarke 1991, p. 166.
172 Marx 1973, pp. 240–1.
173 Marx 1976, p. 198.

the contradiction' between value and use value to the fetishistic (equivalent) form in which it appears, and in which that contradiction is *embodied*:

> The fact that the exchange value of the commodity assumes an independent existence in money is itself the result of the process of exchange, the development of the contradiction of use value and exchange value embodied in the commodity, and of another no less important contradiction embodied in it, namely, that the definite, particular labour of the private individual must manifest itself as its opposite, as equal, necessary, general labour and, in this form, social labour.[174]

Oblivious to the inversion in the equivalent form, this important qualitative determination is overlooked by Uno. One cannot help but notice that Uno's interpretation solely addressing 'commodity exchange' as necessitating money to solve the contradiction between use value and value – discussed in almost every text published between 1947 and 1969 – bears significant similarities to Aristotle's – rather than Marx's – analysis of money. According to Aristotle,

> [w]hen the inhabitants of one country became more dependent on those of another, and they imported what they needed, and exported what they had too much of, money necessarily came into use … and hence men agreed to employ in their dealings with each other something which was intrinsically useful and easily applicable to the purposes of life, for example, iron, silver and the like.[175]

But for Marx, the contradiction between use value and value is not at all *solved* in money. Because money is the objectification of abstract human labour[176],

174 Marx/Engels 1989, p. 317.

175 Aristotle 1966, 1257 a. Quoted in Marx 1987 [1857–61], pp. 351–2, footnote.

176 Throughout his work, Marx uses different formulations to express this 'objectification' over and over again: 'Money is now objectified labour', Marx 1953 [1857–8], p. 942 (own translation), 'Money is not a symbol, just as the existence of a use value in the form of a commodity is no symbol. A social relation of production appears as something existing apart from individual human beings, and the distinctive relations into which they enter in the course of production in society appear as the specific properties of a thing – it is this perverted appearance, this prosaically real, and by no means imaginary, mystification that is characteristic of all social forms of labour positing exchange value. This perverted appearance manifests itself merely in a more striking manner in money than it does in commodities'. Marx 1987 [1857–61], p. 289. 'This physical object, gold or silver in its crude state, becomes, immediately on its emergence from the bowels of the earth, the direct incarnation of all human labour. Hence the magic of money'. Marx 1976, p. 187. 'Money as

expressed in thing-like, material form, it becomes the paradigmatic form of value in which the distinction between use value and value is lost – and the social relations that give rise to the inverted expression of value obfuscated. This, of course, is the problem of fetishism Marx's whole analysis of the value form points toward. In the following, we shall see how Uno disavows this constellation of the problem, and substitutes it for money as *explanans*.

3.3.2 *The Rejection of the 'Third Thing' and the Question of General Social Exchangeability*

Three pages into his main work, Marx gives a concrete example of a meaningful condition of possibility for the category of exchangeability or commensurability (or generally of *comparison*, hence *tertium comparationis*), the so-called 'third thing'-argument:

> Let us now take two commodities, for example corn and iron. Whatever their exchange relation may be, it can always be presented by an equation in which a given quantity of corn is equated to some quantity of iron. What does this equation signify? It signifies that a common element of identical magnitude exists in two different things, in 1 quarter of corn and similarly in x cwt of iron. Both are therefore equal to a third thing, which is in itself neither the one nor the other. Each of them, so far as it is exchange-value, must therefore be reducible to this third thing.[177]

This idea is so pivotal for the following analysis (indeed, for the three volumes of *Capital*) that Marx – unwittingly anticipating the fierce objections it will receive in the history of its reception[178] – provides an unusually long commentary in lieu of a proof:

> This common element cannot be a geometrical, physical, chemical or other natural property of the commodities. Such properties come into consideration only to the extent that they make the commodities use-

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a measure of value is the necessary form of appearance of the measure of value which is immanent in commodities, namely labour-time'. Marx 1976, p. 188.

177 Marx 1976, p. 127.

178 Already in 1896, Eugen von Böhm-Bawerk published his famous rejection of the 'third thing argument' in *Karl Marx and the Close of his System*. See Böhm-Bawerk 1973 [1896], pp. 81–90. Uno was arguably influenced by Böhm-Bawerk, although he presented a (precarious) critique of the chapter on Marx in Böhm-Bawerk's 'Capital and Interest' ('Kapital und Kapitalzins', 1884) in the introduction to *Value Theory*.

> ful, i.e. turn them into use-values. But clearly, the exchange relation of commodities is characterized precisely by its abstraction from use-values … If then we disregard the use-value of commodities, only one property remains, that of being products of labour. But even the product of labour has already been transformed into our hands. If we make abstraction from its use-value, we abstract also from the material constituents and forms which make it a use-value … With the disappearance of the useful character of the products of labour, the useful character of the kinds of labour embodied in them also disappears; this in turn entails the disappearance of the different forms of concrete labour. They can no longer be distinguished, but are all together reduced to the same kind of labour, human labour in the abstract.[179]

As discussed above, Marx operates with the concept of abstract labour as the fundamental explanans for the *money form of value*. Abstract labour is therefore neither a 'kind of' concrete labour (as in deskilled labour, etc.), nor a 'substance' in the sense of a transhistorically valid and physical expenditure of labour, but the historically specific mode in which labour assumes a monetary form. As universal equivalent, abstract labour can buy all the different kinds of concrete labour, while being restricted to none of them specifically. By virtue of this ability, it is *money*. In this sense, Marx's labour theory of value is indeed 'substantialist' – but one must be careful of the specific meaning of 'substantialism' as it indicates the *form-content* (*Formgehalt*) of value as the *conceptual nexus* that explains the value forms. We have already indicated that this specific level of Marx's methodological presentation escapes Uno's interpretation. Before we take a closer look at Uno's arguments generally dismissive of Marx's intervention to show that they even fail to identify it, let us consider Uno's objection to the 'third thing'.

According to Uno, Marx has unjustifiably separated the illustration of exchange of different commodities from his presentation of the labour theory of value: 'To introduce the labour theory of value, Marx uses corn and iron, to analyse the value form in the "simple form of value", he uses linen and a coat', Uno laments.[180] In 'The Three Great Laws',[181] Uno complains that Marx had failed to specify the kind of labour that went into the production of corn and iron, so that the 'common denominator' being labour, or labour time, was

179 Marx 1976, p. 128.
180 Uno 1973 [1947], p. 297.
181 'The Three Great Economic Laws that Govern Capitalism', in Uno 1974 [1969].

absolutely arbitrary. For Uno, the 'introduction' of the labour theory of value begs the question of abstract human labour as the common denominator or the 'third thing' (*daisansha*). No such 'common denominator', Uno claims, can be found in the analysis of the value form. Uno is especially deprecatory of the 'reduction to a third thing' (*daisansha ni kangen*[182] */daisansha ni yakugen*)[183] on the basis of which the different labours can be compared and exchanged. This cardinal point of critique is held by Uno throughout his entire career. For instance, in the *Methodology*:

> … the theory of the commodity is not just argued as a labour product that is exchanged as a commodity. With the form-development of the commodity, money, and capital as basis, the production process itself is subsumed under capital. This means – and here the substance becomes clear – that it [capital] provides the form-determination of value. Rather, by immediately presenting the labour theory of value, the historical viewpoint formally established for the first time by Marx regresses to the 'failures' of classical political economy and cannot escape its dangers.[184]

For Uno, the introduction of the labour theory of value is premature and only becomes significant when capital's form-determination and the production process is analysed.[185] This view disregards Marx's specific method that presupposes the notion of class and the exchange of capital and labour from the beginning of the analysis, as we have shown in Chapter 1 and the beginning of this chapter. Yet, Uno continues to doubt the validity of Marx's labour theory of value within the theoretical locus of value form analysis. In his critical discussion of the 'separation from use value' in the value expression of the linen, Uno says:

> Here we of course have the labour that made the linen, but the weaving labour is not simply useful labour. As the equal (*hitoshii mono to shite*) to the labour that made the coat, it is reduced to human labour as the common property of two different kinds of concrete labour. However, it certainly doesn't immediately exist as abstract human labour *common to*

182 Uno 1973 [1947], p. 297.
183 Uno 1973 [1947], p. 313.
184 Uno 1974 [1962], p. 158.
185 Chris Arthur (in Arthur 2004) holds the same view. For a critique of this view in Arthur, see Lange 2016.

> *both*. That is an abstraction performed as a 'detour' (*mawari michi*) that makes the weaving labour equal to the concrete tailoring labour of the coat.[186]

Abstract labour for Uno, as we have seen, is an *inherent factor* of the commodity, and as such, anathema to the discussion of the exchange process. It must therefore be relegated to the analysis of production where its relation to concrete labour can 'for the first time' be elucidated. However, because Uno attempts to discuss exchange in detachment from the notion of abstract labour, he is at pains to argue the plausibility of *general social exchangeability*. Instead, Uno rejects 'bringing in' abstract labour as the *common aspect* of different products of labour in the exchange process. For Uno, the problem presents itself in the terms of the status of 'abstraction': in order to justify general human labour as the common factor of the two different concrete useful labours involved in making the coat and the linen, there is an 'abstraction' at work, generated by the 'detour' of making both labours 'equal' or 'the same' (*hitoshii mono ni suru*) – but, Uno argues, we cannot assume that this 'equalisation' of two different labours is the same as being 'abstract labour'.[187] To this we can respond two things: first, as far as abstract labour is merely considered as a 'property' of two different things, tacitly identified with their use value, this may make sense. But it misses the point of the *totality* of *social* production relations that the notion of abstract labour addresses, and not just that of 'two objects'. This point has also been raised by Rubin:

> Marx says: Let us take, not the chance exchange of two commodities, iron and wheat, but let us take exchange in the form in which it actually takes place in a commodity economy. Then we will see that every object can be equalized with all other objects. In other words, we see an infinity of proportions of exchange of the given product with all others. But these proportions of exchange are not accidental; they are regular, and their regularity is determined by causes which lie in the production process.[188]

Abstract labour as value concerns the *total* process of production. There is no such thing as the exchange of two single commodities that can be called gen-

186 Uno 1973 [1947], p. 291.
187 Uno 1973 [1947], p. 291.
188 Rubin 1973 [1928], p. 110.

eral social exchange. In fact, the exchange of two commodities between two individual commodity owners has no correspondence in social reality at all. For Marx, it is a hypothesis serving to demonstrate *its own impossibility* – but made possible by money. Money however *implies* general social exchangeability: the concept of 'individual exchange' contradicts itself. In that sense, the whole production process of commodities logically *precedes* the emergence of the value form – but in this specific instance at the beginning of his study, Marx's theoretical interest is the theory of money and fetishism which accordingly assumes the pivotal *heuristic* to the whole succeeding analysis. For this reason, the critique of fetishism *comprises* Marx's method. But this neither entails that the production process is 'irrelevant' to the analysis of the value form, nor that production has nothing to do with it. Uno demands a clearer separation of the two, misrecognising the specific *interrelation* of the categories Marx addresses, in which abstract labour, value and money *inseparably* indicate a common nexus in which money is the explanandum and abstract labour ('value') the explanans.

Second, Uno's objection that Marx has falsely identified the *method* by which he arrives at the notion of abstract labour, namely abstraction, with a *property* of that object, is quite bizarre: thought processes necessarily involve abstraction. This does not mean that 'abstraction' becomes automatically thematic as soon as one starts to think. It also does not mean that someone who thematises the concept of 'abstraction' is bound to confuse it with a *property* of the thought process itself. While the concept of 'abstraction' is the result of abstraction, so is the concept of 'apple'. More importantly however, as Alfred Schmidt has emphasised,

> Marx's concept of the relations of production, and moreover, of bourgeois economy, quintessentially depends on the recognition of the simultaneously logical and historical objectivity of value. But Marx has by no means assumed that value was merely a concept necessitated by 'economical thinking' (*denkökonomisch*) in the sense of the positivist theory of science. Much rather, we can apply it meaningfully precisely because it corresponds to an abstraction that is daily performed in the process of production, which only manifests itself in the individual acts of purchase. It is neither a mere 'working hypothesis', nor a practical assumption necessitated by thought (*denktechnische Notwendigkeit*). Already in the 1859 manuscripts, Marx had provided evidence that value formation indicates an abstraction, which is not only methodologically significant, but which *structures the object of the investigation itself*. If we misrecognise this point, we get into great difficulties, and can no longer understand

> the nexus between political economy and social totality, which was so crucial for Marx.[189]

For Uno, the 'core problem is that the commodity, to become the common expression of value, has no other way but to follow this method [of expressing the different concrete labours of the commodities in general abstract human labour via money].'[190]

How is this way characterised?

Uno's momentous and decisive demarcation against Marx's theory of value and money lies in suggesting the replacement of the notion of abstract labour with *money itself* as the 'autonomous' existence of value:

> To say that money was originally a commodity does not amount to understanding money. Therefore, it also doesn't amount to understanding either the commodity or value. Likewise, to say that *the value of a commodity is constituted by labour does certainly not mean that one has understood the value of a commodity*. The value of a commodity, constituted by labour, necessarily assumes a specific value form. But when we don't make this clear, the fact that value is constituted by labour is not understood. However, so long as it isn't clear that value assumes an autonomous (*dokuritsu no*) form of existence in money, we are no better at formally understanding its character.[191]

The 'autonomous' existence of value in money, as well as Uno's rejection of a 'commodity theory of money' – i.e. the understanding of money as structurally implied in the commodity form – is decisive here. No such 'third thing', as Marx allegedly insisted on so as to 'prove' the labour theory of value, could be held accountable for the organisation of the social metabolism:

> In contrast to the commodity, that, in its various and different kinds, temporarily appears in the world of commodity circulation, money *always represents and mediates the circulation of all the various kinds of commodities*. Rather than value sometimes assuming the shape (*sugata*) of the commodity and sometimes that of money, it is a relation in which it [value] must *always* assume the shape of money as against the commodity as use value. In other words, instead of conceiving of the 'reduction'

189 Schmidt 1968b, p. 278.
190 Uno 1973 [1947], p. 308.
191 Uno 1973 [1947], p. 312.

> (*yakugen*) to value as the 'third thing' to be a commodity, we assume the method that it is *money* that expresses the possibility of that 'reduction'.[192]

But it is not *money* that expresses the 'possibility of that 'reduction'', it is *abstract labour*, the kind of labour that is productive of *all of the commodities, and yet not of them specifically*. Money is only the *form* abstract labour assumes in the process of exchange. To conflate substance and form is fatal to an understanding of Marx's project of the critique of fetishism and bourgeois political economy.

To summarise: for Uno, commensurability is not generated by a 'third thing' that is open to speculation, but generated by *money itself*. There can be no doubt:

> Money substitutes the 'third thing'.[193]

It is not the common denominator (abstract labour) *as money*, but money *as the common denominator* – money as 'irreducible basic notion'[194] – that makes commodities commensurable for Uno.

> As we have already seen in our discussion of Chapter 1 of Volume 1 of *Capital*, proceeding directly from the proof of the so-called labour theory of value to this third thing within the commodities cannot be comprehended. It is rather the opposite. With the emergence of money, 'the commodity appears as the opposition of use value and exchange value in money'. The inner opposition of value and use value in the commodity appears as the outer opposition of the commodity and money.[195]

Here both Uno's nominalist as well as his functionalist understanding of money becomes clear: it is functionalist, because for Uno, money *is* what money *does*. This is contrary to Marx's non-functional and essence-*analytical* approach, which demonstrates that money can only *do* what it *is*, i.e., *mediate* the different kinds of labour embodied in the various commodities, because it is the general form of abstract labour. Uno's theory of money is however also *nominalist*, because money, for Uno, presents the 'irreducible basic concept' which cannot be further deduced, which lacks any sort of 'substantiality' with regard

192 Uno 1973 [1947], p. 316. Emphasis added.
193 Uno 1973 [1947], p. 314.
194 Backhaus 2011, p. 181.
195 Uno 1973 [1947], p. 313.

to the commodities whose values it represents. Marx, in contrast to Uno, rejected a nominalist understanding of money, as is clear from his critique of Bailey, to which we will turn in a short while.[196] More poignantly, for Uno, money assumes the position of the common equivalent because it is the autonomous form of value which must appear in specific *prices*. Hence, for Uno, 'there is no other method than that money expresses its own value by the price of such-and-such *monme* of gold, or yen of gold, or dollars of gold, and so on'.[197] The danger of categorically conflating value and price is obvious. This is also reflected in the *Principles* where Uno maintains that '[t]his relation between the two elements of the commodities, value and use-value, generates value forms or the peculiar expressions of *exchange value* by commodities. Their price in gold is but a highly developed form of value'.[198] If the explanatory framework of explaining value with abstract labour is disavowed, then *just what instance* price is a 'highly developed form' *of*, remains completely obscure and can only be expressed as a tautology: price is expressed in exchange value, which is expressed in money, which is explained in price. This is also confirmed by Uno's view of money's 'fetish character' consisting merely in *money's ability to purchase different kinds of use values*:

> That money always has direct exchangeability in confrontation with other commodities, which is to say that it is taking the *initiative in the exchange of purchase and sale*, shows nothing but the formal roots of the money fetish. As a matter of fact, the commodity form itself has a fetish character (*busshin sūhai teki seikaku*), so that in *Capital*, the 'Fetish character of commodities and their secret' reveals its essential roots, but that is because rather than the commodity, *money* as a fetish concretely shows this character.[199]

196 Backhaus sets the discussion of the nominalist, i.e. 'money-prioritising', theory of money against a theory of money that develops the concept from the commodity form within the history of the reception of the 'logical' vs. the 'logico-historical' presentation of Marx's categories, labelling the first a 'deductive' and the latter an 'inductive' theory of the value form. He proposes the significance of the nominalist view while he attempts to emphasise the necessity of a 'inner correlation (inneren Zusammenhang) between Marx's value theory and his theory of money'. Backhaus 2011, p. 129. See also Backhaus 2011, p. 179. We will see in Chapter 5 how the post-Uno School appropriates the views of the Neue Marx-Lektüre to discard the labour theory of value, ignoring Backhaus's endeavours to precisely *relate* value and money theory. This misreading is however owed to Backhaus's own irresoluteness or '*Herumtappen*' (Backhaus 2011 p. 140) as to how value and money are precisely related, ascribing his own indecision to Marx. We will return to this in Chapter 5.2.

197 Uno 1973 [1947], p. 314.

198 Uno 1980, p. 5.

199 Uno 1974 [1969], p. 80.

The inversion of the problem – money is not to be explained on the basis of the fetish character of the commodity, but the commodity is to be explained on the basis of the fetish-character of money – however leaves open the question how *money is capable of paradigmatically representing general social exchangeability*.

As indicated in the previous quote, Uno sees money's primary function in denoting the 'initiative' of purchase. This is repeatedly confirmed:

> … the commodity transfers direct exchangeability to the money commodity, so that they become commodities for each other. The double character of value and use value in the commodity expresses itself in the external opposition of money and the commodity. Every time, money is given in the specific position of the possibility of purchase belonging to the buyer.[200]

Anticipating the discussion of the convergences between Uno's and Samuel Bailey's respective theories of money, we can preliminarily observe that this position echoes Bailey's identification of money with 'power of purchase':[201] 'If the value of an object is its power of purchasing, there must be something to purchase. Value denotes, consequently, nothing positive or intrinsic, but merely the relation in which two objects stand to each other as exchangeable commodities'.[202] Although we will return to this, Marx's critique of the notion of money as 'power of purchase' presents a useful summary of the previous discussion, namely the inability of a formal, functionalist and nominalist theory of money to explain money's function of general social exchangeability, or, which is the same, the *measure of value*.[203] 'Power of purchasing' hence does not explain the logical significance of money, but presents a tautology. It is well worth quoting the passage at length:

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200 Uno 1974 [1969], p. 78.

201 A view also held by the Uno School's Costas Lapavitsas in his claim of money as the 'monopoly' to buy. For a critique of this view, see Lange 2017.

202 Bailey 1967 [1825], pp. 4–5.

203 Suzanne de Brunhoff's study *Marx on Money*, while offering insights to the function of money as a means of circulation, also insufficiently accounts for the phenomenological function of money as the measure of value. This is because she begins her commentary with Chapter 3 of *Capital* ('Money or the Circulation of Commodities'), and not with the analysis of the value form, i.e. Marx's general theory of money, in Chapter 1. We also disagree with her contention that 'money is studied in abstraction from capitalism' (De Brunhoff 2015 [1973], p. xiii). Like in Uno and many other commentators on Marx's theory of money, Marx's methodological fetishism-critical approach seems to be of no importance in her analysis, which we believe (and show here to be) is the cause of major faults in assessing his theory.

> [Bailey's] entire wisdom is, in fact, contained in this passage. 'If value is nothing but power of purchasing' (a very fine definition since 'purchasing' presupposes not only value, but the representation of value as 'money'), 'it denotes', etc. However let us first clear away from Bailey's proposition the absurdities which have been smuggled in. 'PURCHASING' means transforming money into commodities. Money already presupposes VALUE and the development OF VALUE. Consequently, out with the expression 'PURCHASING' first of all. Otherwise we are explaining VALUE by VALUE. Accurately expressed it would read as follows: 'If the value of an object is the relation in which it exchanges with other objects, value denotes, *consequently*' (viz., in consequence of the 'if') nothing, but merely the relation in which two objects stand to each other as exchangeable objects' (I.e., [pp.] 4–5). Nobody will contest this tautology. What follows from it, by the way, is that the 'VALUE' OF AN OBJECT 'DENOTES NOTHING'. For example, 1 lb. of COFFEE = 4 lbs of COTTON. What is then the value of 1 lb. of COFFEE? 4 lbs of COTTON. And of 4 lbs of COTTON? 1 lb. of COFFEE. Since the value of 1 lb. of coffee is 4 lbs of COTTON, and, on the other hand, the value of 4 lbs of COTTON = 1 lb. of COFFEE, then it is clear that the value of 1 lb. of COFFEE= 1 lb. of COFFEE (since 4 lbs of COTTON = 1 lb. of COFFEE), a = b, b = a, HENCE a = a. What arises from this explanation is, therefore, that the value of a use value = a [certain] quantity of the same use value.[204]

In the following, we will address the problem of tautology in Uno's theory of money. It will be discussed alongside the emergence of fetishism in theories of money that denounce the *substance* of value.

3.3.3 *The Emergence of Fetishism*

For the discussion of Uno's objections, we must come back to Marx's earliest conception of the 'third thing' or *tertium comparationis*-argument within the context of *Capital*. In the research literature, it has been one of the most contested theorems of value theory, if not of Marx's theory as a whole.[205] It is

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204 Marx 1989b [1861–3], pp. 327–8. Original emphasis.

205 Not only in the context of Analytical Marxism and Uno School theorists, such as Sekine 1975, Albritton 2005 (especially p. 174 ff.), and Lapavitsas 2005, but also in recent interpretations within the so-called 'value-form theory'-branch of Marxian economics, the 'third thing' is disqualified as a premature supposition. See e.g. Chris Arthur 2004, Geert Reuten 2005, David Harvey 2018. For a critique of Arthur's and Reuten's position, see Lange 2019. For other critical discussions of the 'third thing argument', see Cutler et al. 1977/8,

especially contested in Uno's re-formulation and perhaps even more so in the School that carries Uno's name. To understand Marx's labour theory of value, it is worthwhile looking at his specific intervention *against* the classical bourgeois labour theory of value.[206] We have seen in Chapter 1 that, unlike Uno, and also e.g. Itoh,[207] Reuten,[208] and Arthur believe,[209] Marx's concept of abstract labour in the labour theory of value is *not* a residue of classical political economy, but its precise *critique*. The 'monetary theory of value' and the 'labour theory of value' denote *one and the same* theory, i.e. *not* two separate theorems that can be meaningfully confronted. Moreover, as we will show, it is precisely the *separation of the theory of money and the theory of social labour that gives rise to fetishistic notions of value*. Consequently, as exemplified in Chapter 1, Marx's notion of abstract labour, and hence, the 'third thing', must be read *against* the theory of value in the classics. We do not have to go out of our way to see that Marx himself considered this distinction pivotal:

> As regards value in general, classical political economy in fact nowhere distinguishes explicitly and with clear awareness between labour as it appears in the value of a product, and the same labour as it appears in the product's use-value. Of course the distinction is made in practice, since labour is treated sometimes from its quantitative aspect, and at other times qualitatively. But it does not occur to the economists that a purely quantitative distinction between the kinds of labour presupposes their qualitative unity or equality, and therefore their reduction to abstract human labour.[210]

It is therefore absurd, as for instance Makoto Itoh claims, that 'the direct reduction from exchange value to the social substance of value in the first section of *Capital* contained not only some inconsistency with the analysis of the third

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Furner 2004. Furner's misrecognition of Marx's central fetishistic-critical implications is thoroughly discussed by Patrick Murray in Murray 2006. In the debates surrounding the transformation problem (see Chapter 4.3.), Marx's labour theory of value has been more generally attacked. A useful overview of the different accusations against Marx's core theory is provided in Heinrich 1999, pp. 272–6.

206 Assuming that the classics, predominantly Smith and Ricardo, had a 'labour theory of value' to begin with. Our doubts as to this have been presented in Chapter 1.

207 Itoh 1976, pp. 313–14. Note Heinrich's critique of Itoh's conflation of 'physiological labour' with 'abstract labour'. Heinrich 1999, pp. 212–13.

208 Reuten 1993, p. 89.

209 Arthur 2006, p. 10.

210 Marx 1976, 173.

section, but also insufficiency of logical proof of social inevitability. Unlike the theory of forms of value, it was not essentially Marx's original logic but rather a sort of residue of Classical value theory'.[211] Arthur's assessment is equally mistaken: 'Like them (the Uno School) I think that the introduction by Marx of a posited *ground* for labour before the *form* of value is fully theorised represents a residue of classical political economy'.[212] Arthur's argument, moreover, is a *petitio principii*, since he demands that '*capitalist* production must be theorised before the grounding of value in labour is legitimate'[213] – to paraphrase: capitalist production must be theorised before it can be theorised. But Marx's *Capital* thematises capitalist production from the very beginning of the analysis: there can be no such thing as a 'commodity' that has 'value' without *capitalist* production. The presentation, however, necessitates the move from the most abstract sphere of simple exchange (as the sphere denoting the 'only object' of bourgeois political economy) to its manifold and intricate social *conditions of possibility*, that what in hindsight 'will have made' simple exchange *appear* as the 'presuppositionless' condition at the beginning. In other words: no man (or woman) is born as a 'commodity owner'. The presentation of the labour theory of value at the beginning of *Capital* is however both a logical and methodological prerequisite: for *without* such an understanding of the preconditions of general commodity exchange and money, the notions of money and exchange become tautological at best, self-contradictory at worst. In his critique of Bailey, Marx therefore insists on the presupposition of abstract labour as value which gives *coherence* to money, the 'third commodity', to begin with:

> ... for commodities to express their exchange value independently in money, in a third commodity, the exclusive commodity, the values of commodities *must already be presupposed ... in order to be represented in this way, the commodities must already be identical as values*. Otherwise

211 Itoh 1976, pp. 313–14. Also note Itoh's remarkable attempt to keep the relation between abstract labour and money at bay: 'Marx does not regard the common property of commodities only as the embodiment of abstract human labor. He emphasizes that "commodities have a value-form common to them all, and presenting a marked contrast with the varied bodily forms of their use-values" (1, p. 47). He means here the money-form or the price-form of commodities as the completed form of value, logically developed from the simple, elementary form of value'. Itoh 1976, p. 310. Not much is said here except for the truism that the money-form is developed from the simple form of value. The question is what *constitutes the very simple form of value* from which the money-form, the 'dazzling fetish', can be developed at all.

212 Arthur 2006, p. 10.

213 Arthur 2006, p. 10.

> it would be impossible to solve the problem of expressing the value of each commodity in gold, if commodity and gold or any two commodities as values were not representations of the same substance, capable of being expressed in one another. In other words, this presupposition is already implicit in the problem itself. Commodities are already presumed as values, as values distinct from their use values, before the question of representing this value in a special commodity can arise. In order that two quantities of different use values can be equated as equivalents, it is already presumed that they are equal to a third, that they are qualitatively equal and only constitute different quantitative expressions of this qualitative equality.[214]

In *Capital*, Marx emphasises that '… their [the commodities'] 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'.[215] However, Uno doubts this condition of commensurability:

> The problem is rather why such a thing as labour itself, the common foundation of the commodities, is not expressed as such. The common expression in money, too, is performed through nothing but the one commodity amidst all the commodities that becomes money. In order for such a commodity to become the common value expression, the centre of the question is whether there is not another way apart from this method [of assuming labour as what makes the commodities commensurable].[216]

Clearly, if it is simply money that makes the commodities commensurable by solving the contradiction between use value and value, then there is no need to assume money as an already fetishised expression of value. Hence the problem of fetishism is *removed* from the question of money in Uno and his theoretical successors in the Uno School. To identify the tautological character of this claim, we shall move to Uno's argument for the rejection of the 'third thing'.

To be sure, 'value' as such has no bodily, material existence. It therefore requires 'above all an independent form by means of which its identity with itself may be asserted'.[217] Money, as this independent form of value or *value form*, has for the first time 'extinguished' its own genesis – it leaves 'no trace

214 Marx 1989b [1861–3], p. 321.
215 Marx 1976, p. 188. Quoted in Uno 1973 [1947], p. 307.
216 Uno 1973 [1947], p. 308.
217 Marx 1976, p. 255.

behind'[218] – of its grounding in abstract labour. Consequently, the separation of form and substance with the subsequent stress on form demanded by Uno and Itoh ironically falls victim to the separation of appearance and essence that is the object of Marx's critique. Money, *appearing as separated* from abstract labour, constitutes value's 'identity with itself', but *precisely by constituting value's 'identity with itself'*, its relation to its essence, abstract labour, is extinguished.[219] However, because essence 'must appear', and cannot exist 'in itself', we cannot say that value is *merely substance*. It cannot be separated from its form of appearance in money, capital, etc. To say that money measures the values of the commodities is to say that it is the necessary appearance of the expression of labour time, or, which is the same, the monetary expression of labour time,[220] because the commodities cannot show in and of themselves what they are worth – they do not have their value 'branded onto their forehead' ('*auf die Stirn geschrieben*').[221] The direct identification of 'labour' with value underestimates the significance of *why* labour must take on the *form* of value under the conditions of capital. The 'premonetary' theory of value with its emphasis on a transhistorically valid 'labour substance' therefore ironically discards the problem of fetishism much in the same way as the Uno School does.[222] Here is also why the alleged theoretical contradiction between a 'monetary theory of value' and the labour theory of value is a false one.[223] While

218 Marx 1976, p. 187.

219 F. Engster goes even further and demands that *Capital* should be read by taking money as the vantage point: '… Marx's *Capital* must be read by taking money as the vantage point. That is, already labour, the commodity, and the analyses of their value forms must be considered from the "standpoint" of money, as if the economy is the *object* of determination *for money*. Then it is money that gives a double determination to the commodity and it is also money that makes the three distinctions … with regard to labour, especially by separating abstract labour from concrete labour and thereby constituting the substance of value, abstract labour'. Engster 2014, p. 80.

220 Or MELT, originally 'the value of money', which was theorised concurrently, but independently, by Gérard Dumenil (1980), Duncan Foley (1982) and Alain Lipietz (1982). It presents the factor by which the value-price divergence can be explained on the basis of the labour theory of value. We will return to Foley's conceptualisation in more detail to contrast it with Thomas Sekine's view of the 'law of value' as the law of general equilibrium. See Chapter 5.2.

221 Marx 2008, p. 95.

222 '… when Marx defines exchange-value as the mode of appearance of value, one should mobilize here the entire Hegelian weight of the opposition between essence and appearance: essence exists only insofar as it appears, it does not pre-exist appearance'. Zizek 2010, p. 214.

223 For the discussion of this 'false opposition' and critique in the post-Unoist Japanese value theory, see Chapter 5.

(surplus) value does *not emerge from exchange*,[224] it cannot exist apart from it. However, Uno aids and abets the false opposition of the labour theory of value and a 'monetary' theory of value by not acknowledging the necessity of value to *appear* in a concrete form. Uno's determination of money as the 'monopoly to buy' or as the 'active leadership of commodity exchange'[225] of different use values remains unhinged from an explanation interested in the *social* form of money. By dissociating money theory from the discussion and analysis of abstract labour, however, Uno skips the analysis of how this objective relation gains a form of appearance. In sum, Uno proposes a theory of 'money without value', by dismissing the constitutive role and the specific character of abstract labour. Money is hence tautologically posited as self-explanatory. At this point, Uno's presentation of money as simply the 'mediator' between different use values, is reminiscent of Ricardo's negligence when it comes to examining the *character* of the labour that manifests itself in relative values, and accordingly, in money:

> If two commodities are equivalents – or bear a *definite proportion* to each other or, which is the same thing, if their *magnitude differs* according to the *quantity of* '*labour*' which they contain – then it is obvious that regarded as exchange-values, their *substance* must be the same. Their substance is labour. That is why they are 'values'. Their magnitude varies, according to whether they contain more or less of this substance. But *Ricardo does not examine* the form – the peculiar characteristic of labour that creates exchange-value or manifests itself in exchange-values – the *nature* of this labour. Hence he does not grasp the connection of *this labour* with *money* or that it must assume the form of *money*. Hence he completely fails to grasp the connection between the determination of the exchange-value of the commodity by labour-time and the fact that

224 Pertinent in this regard is Marx's critique of Torrens, Malthus and Proudhon. See Marx 1981, pp. 128–31.

225 '[i]n contrast to a ruler or a *fundō*, money does not only function as a measurer, but also stands in the position of active leadership of commodity exchange itself. Commodities are not being exchanged because they express their value in money, rather, exchange is performed as the *purchase* of commodities through money. Understanding that this process takes place through the schema C-M-C' is, rather, the scientifically investigated result that, in the back of the real process of purchase, it is something that is socially performed'. Uno 1973 [1947], p. 314. A *fundō* is a minted coin of silver or gold, used as a measure and dating back to the Edo period. Between 1665 and 1876, the *fundō za*, the 'fundō guild', introduced it as a weight standard. Since then it was used only as a measure, and as a means of payment only in cases of emergency. See the *Kōjien*. Shinmura 1979, p. 1980.

> the development of commodities necessarily leads to the formation of money. Hence his erroneous theory of money.[226]

While Ricardo, in Marx's view, has insufficiently grasped the inner connection of the specific character of abstract labour and money, Uno *denies* the immediate connection between abstract labour and money *in toto*. In this sense, Uno *falls behind* Ricardo, assuming a position more akin to Bailey, as is shown in the next section. Uno fails to acknowledge the specific character of labour that is productive of value and by which alone commodities can relate to each other as values. Money, the 'god of commodities',[227] is therefore the objectification (or 'incarnation') of abstract human labour in a distinguished sense. By bringing in the commodity owner, Uno assumes his method is more coherent, and, as such, does not rely on 'unproven presuppositions', as would be the 'third thing'. As we have seen, however, abstract labour is not an 'unproven presupposition', but the heuristic to deciphering the emergence of the money fetish. We can furthermore show that the problem of 'unproven presuppositions' much rather belongs to *Uno's* conception of the commodity owner. As pointed to earlier, for once, there is the circular logic of methodological individualism: money indeed is advantageous for the individual who uses it – but only if *everybody* uses it.[228] In this respect, money has existed as a *social* fact 'before man seeks to give an account of [its] content and meaning'.[229] Money *presupposes* general social relations of production that enable individuals to make use of it, and thereby *express* and likewise *conceal* these relations in the first place. Abstractions that reduce the social forms of value and money to the function they have in individual agents therefore perform a *petitio principii*.[230] Second, as Uno admits,

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226 Marx 1989b [1861–3], p. 389.

227 Marx 1987 [1857–61], p. 359. N.I. Stone translates 'Lord of commodities' (Marx 1904, p. 166). The original is '*Gott der Waren*'. Marx 2015, p. 103.

228 See Frank H. Hahn 1987, p. 26. Quoted in Stützle 2015, p. 184.

229 Marx 1976, p. 168.

230 We can also note Lapavitsas's (who belongs to the Uno School) adherence to the individualistic model, reminiscent of new classical macroeconomics or New Keynesianism (with their emphasis on micro strcutures), which is best reflected in this passage: 'Commodity owners purposely seek others in order to engage in exchange, but it is assumed for simplicity that there are no search costs. Commodity owners are also assumed to be unrelated and probably unknown to each other, lacking social or other ties (of rank, kinship, religion, custom, or through the production process) (sic). The social background against which they interact is compatible with their essential foreign-ness from each other, as well as with being motivated by economic gain. Their interactions have an overwhelmingly economic (more strictly, commercial) content, which is fundamental for the emergence of money'. Lapavitsas 2005, p. 554.

'free and unhindered exchange' presents another precondition for the commodity economy, as do the private ownership of the means of production, a large-scale division of labour, competition, etc. Only when these manifold conditions are fulfilled can the products of labour acquire a 'social form' as commodities. Uno's understanding of 'social form' is truncated, because he only refers it to *forms of circulation*, while the social *form of production* is declared anathematic to the analysis of the commodity:

> Marx's *Capital*, Volume One, though entitled 'the Production Process of Capital', begins in fact with the discussion of such circulation-forms as commodities, money, and capital; only after the development of the form of capital does it turn to the analysis of the labour-process which is common to all societies (sic), finally opening the real treatment of the production process of capital. It cannot be doubted that Marx had an accurate grasp of the true nature of the commodity-economy, although there remain some methodological ambiguities in *Capital* [for instance: the misleading title of the first volume de-emphasises the primacy of the circulation-forms; the premature and unnecessary (sic) reference to the labour theory of value in the early part of *Capital* frequently beclouds the discussion of commodity circulation (sic)]. The pure theory of capitalism must, in any case, begin with the doctrine of circulation in which the forms of circulation alone are to be examined.[231]

But in Marx's architecture of *Capital*, the 'circulation forms' of the commodity, money, and capital are precisely analysed within the 'Production Process of Capital' to declare their intrinsic relation – to precisely *not* succumb to the 'vulgar' illusion that money should be treated independently of production.

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231 Uno 1980, p. xxiv. The quote in square brackets is Sekine's own insertion, but reflects Uno's own later remark: 'Marx begins the first chapter of Capital, vol. 1, by pointing out the importance of the commodity-form that products assume. But after stating that use-value and value are the two elements of the commodity, he immediately attributes the substance of value to labour that is required to produce the commodity. But the production process of a commodity is not yet analysed at this stage. Neither can it be because production itself does not assume the form of the commodity even if products do. Commodity production must assume the form of capital rather than that of the commodity. This means that commodity production or the production process of capital can be introduced only after the conceptual development of the form of the commodity into that of capital. Marx's treatment of the labour-process in Part III ('The Production of Absolute Surplus Value') of *Capital* Volume I, is handicapped by his prior discussion of commodity production at the beginning of the book and fails to be fully developed as the labour-and-production process common to all societies'. Uno 1980, pp. xxvii–xxviii.

By merely maintaining that money is a 'social relation', authors of the Uno School, like Costas Lapavitsas,[232] do not go further than Marx's proclamation in *The Poverty of Philosophy* that 'money is not a thing, but a social relation'. This is also reflected in the view of political economist Ferdinando Galiani (1728–87) whom Marx criticises in the Fetish chapter for contending that 'Value is a relation between persons' (or more accurately 'Wealth is a relationship between two persons').[233] Authors of the Uno School altogether underestimate the role of money as the first appearance of the fetishistic character of value, precisely in its relation to abstract labour. The fine nuance is missed that money is not simply a 'social relation', but a 'relation concealed beneath a material shell', as Marx formulates his criticism of Galiani.[234] But the misconception of abstract labour goes further. If money alone constitutes the 'objectivity' of value, what are we to make of the commodity owner whose subjective evaluation was the motivation for value expression? Needless to say, the whole complex of real abstraction or *Realabstraktion*, first theorised by Alfred Sohn-Rethel, and subsequently gaining momentum in the theoretical framework of *Kritische Theorie*,[235] goes unnoticed in Uno. Therefore, not only the relation between abstract labour and money, but also the relation between the subjective and objective aspects of value is left unaddressed. The epistemological coherence in Uno's approach must therefore be questioned. It is Reichelt's evaluation of Adorno's contribution to the problem of money and exchange that may illuminate Uno's missing epistemological reflection:

> Although Adorno repeatedly spoke about the exchange society, he should not be described – as he so often wrongly is – as a theorist of an exchange society in the economic sense. The essence of Adorno's critical theory lies in the very fact that he understands the capitalist economy as an inverted reality in which individuals no longer 'interact with one another' on the market as rationally acting subjects, as the idea of the exchange economy suggests. Adorno criticised such a concept as 'social nominalism'. Rather, they act as executors of constraints generated and reproduced by themselves, which are implemented in and through their conscious actions without, however, these being consciously accessible to them.

232 Ingo Stützle emphasises this aspect in Lapavitsas in Stützle 2015, p. 179, footnote.

233 'Ricchezza è una ragione tra due persone', in Galiani, Ferdinando, *Della moneta*, p. 221, in Volume 3 of *Scrittori classici italiani di economia politica*, Parte moderna, Milan 1803, quoted in Marx 1976, p. 167. Thanks to Riccardo Bellofiore for the precise translation.

234 Marx 1976, p. 167.

235 For an overview of Sohn-Rethel's concept of real abstraction throughout his writings from the 1930s to the 1970s, see Lange 2021 (forthcoming).

> This is what the strong concept of totality means, which should not be confused with the mechanistic idea in which 'everything is linked with everything else' (Albert), or with the hermeneutic one that operates by 'anticipating the interpretation of a connection of meaning' (Habermas). Totality is not a methodological postulate, but rather the concept of a real 'becoming autonomous [*Verselbständigung*]'.[236]

For Adorno, 'Totality … is pre-established for all individual subjects since they obey its "constraints" even in themselves and even in their monadological constitution and here in particular, conceptualise totality. To this extent, totality is what is most real'.[237] Marx described the same predicament with his sarcastic diagnosis that the determination of value as socially necessary labour time asserts itself in the same way as 'the law of gravity asserts itself when a person's house collapses on top of him'.[238] To be sure, there are different ways to perform an analysis. We do not hold that Marx's analysis of the value form is the 'only' and 'exclusive' way to proceed from the forms of appearance to the essence of value that determines the exchange relations between commodities. Much rather, we hold that conducting an analysis by *separating* the two issues – money (the explanandum) and abstract labour (the explanans) – and declaring them as belonging to different levels of analysis – exchange (circulation) and production – is not an analysis at all, for the object in question (the value form of money) is *simply never questioned*. Uno's exemplifications read as though the reality of money – the fact that money 'always' assumes the place of the universal equivalent – is the one answer we should be content with. But the 'how, why and through what' of this 'reality', which allows for the veritably deep insight into the fetishistic structure that the value form exhibits, simultaneously disclosing Marx's method in *Capital*, is discarded from Uno's approach and substituted for the poor theoretical framework of methodological individualism associated with commodity owners. It therefore also *reintroduces the money fetish*. This one-sided stress on the 'form' and the dismissal of the qualitative dimension of value is precisely the hallmark of bourgeois and vulgar political economy, which Marx has predominantly criticised in Samuel Bailey.

Bailey gives the present study a welcome argumentative template with which to consider Uno's objections to Marx's value theory in more detail.

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236 Reichelt 2007, p. 5.

237 Adorno 1976, p. 12. Quoted in Reichelt 2007, p. 5.

238 Marx 1976, p. 168. A footnote also refers to Engels's similar formulation: 'What are we to think of a law which can only assert itself through periodic crises [*Revolutionen* (sic)]? It is just a natural law which depends on the lack of awareness of the people who undergo it'. Marx and Engels 1975 [May 1843 – June 1844], p. 433.

Indeed, Uno's reservations against the 'substance of value' clearly echoes Bailey's critique of David Ricardo's theory of value. Because these parallels have not sufficiently come to the fore in Uno research, in the following we will elaborate on the basic theoretical similarities between Bailey and Uno which we previously only hinted at. The following discussion also serves to highlight the essential differences between Ricardo's and Marx's theory of value. It is safe to say that Marx has been able to refine his value theory through Bailey's critique of Ricardo. The question is whether there is still reasonable ground to attack Marx's mature value theory by assuming a Baileyist position.

3.3.4 *Form vs. Substance: Uno Kōzō's Baileyism*

So far, we have analysed two aspects in Uno's defective interpretation of the value form: 1. the emergence of value through the want of the commodity owner of the equivalent's *use* value, and 2., the dissociation of abstract labour from the theory of money. Both views are to be commonly grounded in the misrecognition of Marx's crucial theorem, the threefold inversion taking place in the 'particularities of the equivalent form'. To complete the analysis of Uno's theory of value without fetish in the context of *Capital* Volume I, we must take a closer look at Uno's emphasis on 'form'.

As a general preliminary to the problem of 'form' in Marx, we strongly hold that the stress on 'form', pivotal to Marx's analysis of value, is not to be conflated (or, indeed, identified) with a 'formal' or even 'formalist' approach to value that 'brackets' (Arthur) the mode of production. In Marx's mature work, the semantics of 'form' primarily denotes two aspects: a) a synonym with 'category', used in the same way as Hegel's concept or *Begriff*, and b), as in 'social' form, a strictly non-generalisable, historically specific mode of production such as we find in capitalism. In this sense, Marx speaks of the form of value as 'the particular form which labour assumes as the substance of value'.[239] In reference to his taxonomy of 'social form I' and 'social form II', a helpful distinction denoting the specific *form of labour* assumed in capitalist production (social form I) and the *value forms*, i.e. the commodity, money, capital, wage, profit, rent, etc. (social form II), Brentel argues that abstract-general labour as substance of value is specifically social form (form I), which assumes its form of existence in the value-forms, the categories of bourgeois political economy (form II).[240]

Concerning the latter, as Backhaus contends, 'Marx's central demand from "the" economic science (*"die" Ökonomie*) consisted in "genetically developing"

239 Marx 1989b [1861–3], p. 399.
240 Brentel 1989, p. 14.

the "categories" or "forms", instead of "presupposing" them'.[241] Hence Marx's coinage of the term 'objective forms of thought' ('*objektive Gedankenformen*'), uniting both a description of the ossified nature of conventional economic categories (or *forms*), and their critique. As for the second, more eminent and likewise controversial usage of 'form', Marx was intent on conceptually differentiating 'value' from 'value form'. Marx insisted that the conflation of value with value form in the phenomenon of commodity exchange was the hallmark of a deficient grasp of value. For it is precisely the *analysis* of the form of value – and not, as many interpreters, including Uno, believe, the positive *hypostasis* of *form* – that serves to disclose the *content hidden by the form*, i.e. abstract social labour. Here, the meaning of form-content (Formgehalt), which we pointed to earlier, can be elucidated. With regard to the '*Urtext*' (Rough Draft) of the *Grundrisse* and its elaborate comments on form, Helmut Brentel states that, for Marx,

> … a mere formal view counts as 'merely abstract' (Gr 935); it is fixated on a merely external form, or the external of the form (*das Äusserliche der Form*) respectively, and treats it as though it presented the whole. The economic form determinations are referred to as 'superficial forms' (Gr 934 ff.) which themselves seem to emerge from the surface of the socialisation process '(*Vergesellschaftungsprozess*)'. In this sense, the formal (*das Formelle*) forms the antonym to an essential, content-related, 'qualitatively' (Gr 185) understood form which is reassured with regard to its constitutive form-content and hence even refers to 'form' as one of its *content*-determinations.[242]

Social *form* becomes indicative of *content* when it is able to address the 'grounding nexus' (*Begründungszusammenhang*) that gives rise to this form. This is what is meant by the form-content Marx demands from the analysis of the value form. It does not suffice to identify value as appearing in specific forms; in fact, the theorist must be able to *account for the common ground of all the value forms*, which cannot directly appear as such. Marx's critique of Ricardo, who, like Bailey, only considers specific *quantities*, but never the *quality* grounding particular amounts, directly reflects this demand: '[Ricardo] does not even examine the form of value – the particular form which labour assumes as the substance of value. He only examines the magnitudes of value, the quantities of this abstract, general, and in this form social labour which engender

241 Backhaus 2011, p. 410.
242 Brentel 1989, p. 244.

differences in the *magnitudes of values* in the commodities'.[243] Bailey's conclusion that there is simply *no such thing as a common substance or 'denominator' in the relative magnitudes of value*, is consequently – within his own logic – not too far-fetched. However, and this is crucial,

> the relativity of the concept of value is by no means negated by the fact that all commodities, insofar as they are exchange values, are only relative expressions of social labour time and their relativity consists by no means solely of the ratio in which they exchange for one another, but of the ratio of all of them to this social labour which is their substance.[244]

Marx's critique of 'mere form', i.e. of the economic form-determinations as they appear in his predecessors, is the most poignant when it focuses on the fetishisations of conventional form-constitution, as e.g. in the hypostasis of simple circulation and the commodity and money, supposedly presenting the 'total' relations of production. Hypostatisations of C-M-C or M-C-M as the 'real' or 'actual' social process – conducted by Uno in the *Principles* without problematising them[245] – fail to see that these 'formal' determinations of value primarily deliver a distorted view of the really existing, fully yet-to-be-analysed relations of production which are precisely *not* exhausted in these circulation forms. As Brentel argues,

> The ideological semblance of simple circulation is constituted precisely in that its economic determinations appear to the immediately acting subjects as well as their theoretical interpreters as exclusively *formal determinations*. The production of this semblance of the merely formal of so-called simple circulation results from the given form of its mediating movement itself. Because in their mediating forms C-M-C and M-C-M, simple circulation, viewed as such, only presents the 'formal process' (Gr 919) of mediating or realising both determinations of the commodity as use value and value in the process of exchange in such a manner that they are divided in polar form to the extremes of the exchange process, as commodity and money.[246]

243 Marx 1989a [1861–3], p. 399.
244 Marx 1989a [1861–3], p. 399.
245 Uno 1980, p. 10; also see Uno 1964, pp. 31–2.
246 Brentel 1989, p. 244.

To further indicate the importance of the distinction between value and value form, Marx made the following crucial remark:

> The process of exchange gives to the commodity which it has converted into money not its value but its specific value-form. Confusion between the two attributes has misled some writers into maintaining that the value of gold and silver is imaginary.[247]

That *value* and the *value form* are to be strictly differentiated is key to understanding the first chapter of *Capital* and the critique of fetishism that follows from it, constituting Marx's method. With this remark, Marx has also killed two birds with one stone: he both discourages the view that value is something that 'emerges' from exchange (the view that Uno holds) and the view that value is to be identified with the form in which it appears. But the emphasis on value form should not lead us astray: as Rubin has shown, it is precisely the 'inner dialogue' with his contemporary Bailey, and especially Bailey's critique of Ricardo, that has led Marx to refine his theory of value in terms of differentiating it from 'exchange value', the term he used in large parts synonymously with the concept of value, e.g. in the *Grundrisse* and the *Contribution*.[248] At the same time, this 'dialogue' can also be read as a direct rebuttal of Uno's formalist approach to value. Like Bailey, Uno holds the assumption that 1) the quantity offered by commodity owner A in exchange for a quantity of commodity B's use value determines commodity A's value, so that 2) value is determined by exchange alone, and that 3), it is redundant to assume a 'third thing' or 'common substance' to arrive at a commodity's exchange value or price. Accordingly, exchange value or price *alone* regulates the social metabolism: there is no content, only form. In his discussion in the *Economic Manuscripts* 1861–3, Marx first introduces Samuel Bailey[249] as deserving the merit to have discarded the notion that there must be an 'invariable measure' of value, as Ricardo believed:

> In order to measure the value of commodities – to establish an external measure of value – it is not necessary that the value of the commodity in terms of which the other commodities are measured, should be invari-

247 Marx 1976, pp. 184–5. One of those 'writers', according to Marx, was John Locke: 'Locke had already said that gold and silver have a purely imaginary or conventional value; this was the first blunt opposition to the contention of the monetary system that only gold and silver have genuine value'. Marx 1987 [1857–61], p. 395.

248 See Rubin 1973 [1928], pp. 109–10.

249 For a debate on Marx's critique of Samuel Bailey, see Furner 2004 and Murray 2006.

> able. (It must on the contrary be variable … because the measure of value is, and must be, a commodity since otherwise it would have no immanent measure in common with other commodities.) If, for example, the value of money changes, it changes to an equal degree in relation to all other commodities. Their relative values are therefore expressed in it just as correctly as if the value of money had remained unchanged. The problem of finding an 'invariable measure of value' is thereby eliminated.[250]

As already highlighted in the previous chapter (Chapter 3.2.), it would be wrong to infer that because the common measure of value need not be 'invariable', there is no need for a common ground (a 'third') on the basis of which value can be measured at all. This is Bailey's main thesis, held in the *Critical Dissertation on Value* (1825) and other works directed against Ricardo. According to Bailey, Ricardo was wrong to transform 'value' from being a *relative* property of the commodity into being something *absolute*.[251] Long before Uno, Bailey assumes that there is no other way to determine the value of a commodity than to determine the quantitative proportion in which commodities exchange as use values: 'If the value of an object is its power of purchasing, there must be something to purchase. Value denotes consequently nothing positive or intrinsic, but merely the relation in which two objects stand to each other as exchangeable commodities'.[252] In their understanding, both Bailey and Uno however conflate the value expression of a particular use value with value itself, ignoring the difference between the superficial-phenomenal *form* of value in its appearance, and the condition of possibility of the one commodity being an 'expression of value' of the other in the first place. In other words, both for Bailey and for Uno, 'value is fundamentally to be understood as nothing but what presents itself at the level of prices of production, i.e. *relative price*, a merely *quantitative* expression of one commodity in units of another commodity. Any relation to an 'immanent' or 'absolute' value in the sense of a common labour value determination is rejected as a relic of a substance-metaphysical kind of thought'.[253]

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250 Marx 1989b [1861-63], p. 320.

251 'The contradiction involved in affirming the stationary or invariable value of any object amidst the variations of other things, is so direct and palpable, that it may be instructive to point out the way in which a writer of such powers of reasoning, as Mr. Ricardo unquestionably possessed, has been led into so strange and manifest an error'. Bailey 1967 [1825], p. 16.

252 Bailey 1967 [1825], pp. 4–5.

253 Brentel paraphrases Bailey's position. Brentel 1989, p. 108.

Bailey:

> When … we regard two objects as subjects of choice or exchange, we appear to acquire the power of expressing our feelings with precision, we say, for instance, that one A is, in our estimation, equal to two B. But this is not the expression of positive, but of relative esteem; or, more correctly, of the relation in which A and B stand to each other in our estimation. This relation can be denoted only by quantity. The value of A is expressed by the quantity of B for which it will exchange, and the value of B is in the same way expressed by the quantity of A. Hence the value of A may be termed the power which it possesses or confers of purchasing B, or commanding B in exchange.[254]

To this, Marx responds: 'To *estimate* the value of A, a book for instance, in B, coals, and C, wine, A, B, C must be as value something different from their existences as books, coals or wine. To estimate a value of A in B, A must have a value independent of the estimation of that value in B, and both must be equal to a third thing, expressed in both of them'.[255] But Bailey himself is not entirely consequential in his definition of value. On the one hand, value is radically contingent and dependent on subjective evaluation by relating different quantities of different products (not of value, but use value), and on the other hand, value is a 'property' of things: 'Value is a property of things, riches of men. Value, in this sense, necessarily implies exchange, riches do *not*'. Similar to Uno, the conflation of use value with value also obscures the conceptual relation to the role of human want. Marx ironically comments: 'Riches which are identical with use values are properties of things that are made use of by men and which express a relation to their wants'.[256] However, as Marx has shown in the fetish-characteristic 'properties' of the equivalent (value) form, value does indeed appear as a 'property of things', namely in *inverted form*:

> In the first part of my book, I mentioned that it is characteristic of labour based on private exchange that the social character of labour 'manifests itself' in a perverted form – as the 'property' of things; that a social relation appears as a relation between things (between products, values in use, commodities). This appearance is accepted as something real by our

254 Bailey 1967 [1825], p. 3. Marx does not quote this passage from the *Dissertation*, but a corresponding passage in the *Observations on certain verbal disputes in Pol. Ec.* that could not be confirmed.

255 Marx 1989b [1861–3], p. 316. Originally in English.

256 Marx 1989b [1861–3], p. 316.

> fetish-worshipper, and he actually believes that the exchange value of things is determined by their properties as things, and is altogether a natural property of things.[257]

The same goes for both Uno's and Bailey's conception of money as merely an external expression of relative value, reducing the *qualitative* transformation of value into money to a *quantitative* measure. For Bailey, as well as for Uno, '"value" is nothing but the quantitative exchange relation of things that are exchanged, and everything else is a scholastic illusion'.[258] Because for Bailey, value is already constituted in a 'monetary expression', 'he does not need to "understand" how this expression becomes possible, how it is determined, and *what* in fact it expresses'.[259] To be sure, Uno, in contrast to Bailey, acknowledged the problem of fetishism addressed by Marx, manifested in the appearance of value as money. But he fatally *dissociated* it from the social character of labour under capitalist conditions, thereby counterfactually *reintroducing* the fetishistic notion of money as 'external measure'. In doing so, Uno bizarrely turns the relation between the value form of money and abstract labour *upside down*: *the form of value must not be explained by referring it to labour, but labour must be 'form-determined'* – whether historically or systematically is unclear – *by value*. In this sense, form determines content/substance, manifested in 'commodity economic development':

> Labour as 'value forming substance' abstracted (*shashō*) from every form and was, so to speak, nothing more than something passive and abstract (*chūshōteki*). As such, we cannot make it the foundation of the value form. In other words, it is developed by the value form *itself*. The value form of the commodity is rather grasped through the *forms* that this substance itself passes through, which is nothing but the process of commodity economic development. The formal determination alone clarifies the assumption of 'the physical form in the equal objectivity of the products of labour as values' (Marx 1976, p. 164). Moreover, in order to take on 'the form of the magnitude of the value of the products of labour' (Marx 1976, p. 164), the form determination itself is necessary. As the completion of the value form of the commodity, *value as money necessarily appears to have this independent form* (*dokuritsu no katachi*).[260]

257 Marx 1989b [1861–3], p. 317.
258 Brentel 1989, p. 112. This comment is directed at Bailey.
259 Marx 1989b [1861–3], p. 341.
260 Uno 1973 [1947], pp. 361–2. Emphasis added.

However, at no point does Uno discuss 'how this expression becomes possible, how it is determined, and what in fact it expresses'.[261] His discussion is strictly limited to giving priority to form over substance, appearance over essence. Uno's own 'inversion' of the problem therefore does not escape the pitfalls of a similar kind of question-begging to that which we have noticed in Bailey: if labour only 'comes into play' within the analysis of the production process of capital, we still have not understood the determination of *value* that in turn serves as the analytical template for *capital*. Uno's argument becomes circular.[262] His inversion of the problem of the relation of labour to value does not escape the Baileyist presuppositions, because Uno, like Bailey, categorically denies the importance of the 'third thing' as the precondition of exchangeability. Marx's critique of Bailey therefore also holds for Uno:

> Bailey clings to the *form*[263] in which the exchange value of the commodity – as commodity – appears, manifests itself … The individual commodity as such cannot express general labour time, or it can only express it in its equation with the commodity which constitutes money, in its *money price*. But then the value of commodity A is always expressed in a certain quantity of the use value of M, the commodity which functions as money. This is how matters *appear directly*. And Bailey clings to this. The most superficial form of exchange value, that is, the *quantitative relationship* in which commodities exchange with one another, *constitutes*, according to Bailey, their value. The advance from the surface to the core of the problem is not permitted. He even forgets the simple consideration that if y yards of linen = x lbs of straw, this [implies] a parity between two unequal things – linen and straw – making them equal magnitudes. This existence of theirs as things that are equal must surely be different from their existence as straw and linen. It is not [as] straw and linen that they are equated, but as equivalents. The one side of the equation must, therefore, express the same value as the other. The value of straw and linen must, therefore,

261 See the previous quote, Marx 1989b [1861–3], p. 341.

262 We assume that Uno analyses the value forms as they are specific to capitalist society. If Uno regarded the basic forms of value as 'transhistorical' categories, valid in pre-capitalist sociation as well as in the capitalist one, he could no longer maintain that he held a 'theory of principles of pure capitalism'. With the methodological reflections of the clear separation of the three stages of presentation taken as a premise, we must assume that Uno cannot both hold a transhistorical and a historically specific theory of value. Hence the question about the possibility of form determination of value in abstraction from the notion of specifically capitalist character of labour, is justified.

263 Emphasis added.

> be neither straw nor linen, but something common to both and different from both commodities considered as straw and linen. What is it? He does not answer this question. Instead, he wanders off into all the categories of political economy in order to repeat the same monotonous litany over and over again, [namely,] that value is the exchange relation of commodities and consequently is not anything different from this relation.[264]

Uno's tacit agreement with Bailey also pertains to his theory of money. While, for Uno, money 'substitutes the "third thing" and guarantees the relationality of the different commodities to itself as the "solution between use value and value"', '[a]ccording to Bailey, it is not the determination of the product as value which leads to the establishment of money and which expresses itself in money, but it is the existence of money which leads to the fiction of the concept of value'.[265] However, while Uno's agreement with Bailey strikes us in the *relational-quantitative* approach to value and money, Uno *simultaneously stays behind Bailey* in the methodological individualism of the significance of the want of the commodity owner. Bailey's view does not require 'subjective' evaluation – for Bailey, value is *objectively* manifested in the quantitative relation between different commodities as use values.[266] Yet, both deny the *qualitative* aspect of value, a point that, among others, Rubin has emphasised and criticised in the case of Bailey. At the same time, Rubin contends that the concept of 'form' is not exhausted (or should not be conflated with) a 'formalist' reading of value. In fact, Rubin directly associates the concept of (social) *form* with the concept of *labour*: '"[F]orm of value" (Wertform) does not mean the various forms which value acquired in its development (for example, accidental, expanded, and general forms of value), but of value itself, which is considered *as the social form of the product of labor*. In other words, here we do not have in mind the various "forms of value", but "value as form"'.[267] Accordingly, Marx objected to 'Bailey for limiting his analysis to the *quantitative aspect* of exchange value and for ignoring value',[268] and the Classics for ignoring the specific form of value consisting in its character as specific social labour. It is therefore surprising that the Unoist Itoh locates the debate on value as revolving around the two 'extremes' of the Ricardian school and Rubin, and not Ricardo

264 Marx 1989b [1861–3], pp. 326–7. Original emphasis.
265 Marx 1989b [1861–3], p. 326.
266 Which of course leads to other problems, such as 'price chaos'. See Rubin 1973 [1928], p. 110.
267 Rubin 1973 [1928], p. 112, footnote.
268 Rubin 1973 [1928], p. 113.

and Bailey.[269] The contrast between Ricardo and Rubin is lopsided, since they do not present opposing *extremes*: Ricardo's theory of value relates value to labour (no matter how precariously), and so does Rubin, by understanding value as the social form of the product of labour. It is Bailey against which Ricardo's and Rubin's positions must be situated.[270] The separation between substance and form, in order to hypothesise the stress on 'form' – understood as the 'quantitative exchangeability of commodities in determinate ratios' in the theory of 'pure capitalism'[271] – is Bailey's, and stands diametrically opposed to Rubin's stress on *abstract labour* as the *social form* of value. The conflation of form with formalism (and the wrong attribution of Rubin as a 'formalist') is however a symptom in many of Uno's successors that Uno himself cannot be accused of. In sum, Uno's Baileyism consists in holding that the value form is sufficiently determined by the exchange ratios offered for another commodity, thereby also conflating, like Bailey before him, exchange value (price) and value. This reduction to a subjectivist *formalism* radically diverges from Marx's own theorisation in the *social form* of value, and therefore in the form-content (*Formgehalt*) of value:

> It is therefore decisive to see that Bailey – and with him, the whole subjectivist approach in economic theory – must ignore the very level of logicity (*logische Ansprüchlichkeit*) which is inherent in the problem of value expression, the value expression of one kind of commodity in the use value of another. By doggedly insisting on *form*, he ignores the immanent

269 See Itoh 1980 and 1988.

270 Simon Clarke directs a trenchant critique at Itoh's position: 'For Itoh, the Uno approach resolves this dilemma [between the Ricardians and Rubin] by radically separating the theories of the form of value and the substance of value. The pure theory of the forms of value does not make any reference to the substance of value, but only to the quantitative exchangeability of commodities in determinate ratios, which ratios are determined by the social process of reproduction'. Clarke 1988, p. 135. Clarke's criticism of the Uno approach is that it remains confined to a 'dualistic theory' by positing 'such a separation in the first place' while purporting to retain both. The notion of abstract labour then is reduced to its 'technical features of the production process under average conditions'. Clarke 1988, p. 137. It remains 'a feature of the labour process as a technical process, independently of the social form of production'. Clarke 1988, p. 136. In other words, this understanding of abstract labour is yet another crucial difference to Rubin who emphasised that the identification of abstract labour with the material and technical aspect of production is the precise expression of fetishism. See Rubin 1973 [1928], p. 28.

271 'The pure theory of the forms of value does not make any reference to the substance of value, but only to the quantitative exchangeability of commodities in determinate ratios, which ratios are determined by the social process of reproduction of commodities lying behind their regular exchange against money'. Clarke 1988, p. 135.

> *content of that form* (*Formgehalt*). In order for the commodity to be able to express its own exchange value as well as its quantitative value relations autonomously in money – as the third, excluded commodity – the *values* of the commodities as the common unit of reference must logically be presupposed.[272]

In other words, without an *inherent quality* that *relates* commodities of different use values in different proportions (quantities) to one another, the very *possibility* of a *relation* is set at nought. Without a *tertium comparationis*, there can be no *comparatio* at all.

To summarise, we can detect three distinct features of Bailey's theory of value shared by Uno: a) the definition of value as a claim of *accidental* exchange relations in the sense of a *subjectivist theory of price formation*,[273] b) the claim of the constitution of value in *acts of exchange between two commodity owners*, not as the social form that labour assumes under the conditions of capitalist valorisation imperative, and c) the claim of the foundation of value in the *natural properties* and the *use value* of 'things', as well as in the consciousness (personal 'want') of the agents involved in exchange.

These claims are diametrically opposed to Marx's understanding of the problem of value constitution which precisely is not accounted for in the dimensions of subjective theories of price, dualistic exchange relations, use value functions, or the 'personal want' of commodity owners. To the contrary, value constitution is inherently embedded in the question of fetishistic appearances that the features identified by Bailey and Uno as constitutive of value are mere *expressions of*. Again, neither value, nor its fetishistic appearance in the value forms, can be explained by discarding the specific social form of labour that, as a relation of totality, makes commodities relate to each other as values in the first place.

In the following we want to examine whether Uno's discussion of *capital* can tell us more about the social character of value, and therefore move beyond the theories that Marx already found to be logically flawed.

272 Brentel 1989, p. 120.

273 We will return to discussing Uno's marginalist theoretical assumptions in Chapter 4.2.

3.4 Uno's Theory of Capital: M-C-M' as Pure Form

Value Theory is mainly comprised of a commentary on the first chapters of *Capital* Volume 1. While Chapters 1 and 2 have been shown to already contain Marx's general theory of money, Uno views Chapter 3 of *Capital* as the *locus classicus* of Marx's money theory. In Chapter 3, Marx discusses 'Money or the Circulation of Commodities' in the sections on money as 1. Measure of Values, 2. Means of Circulation, and money as 3. 'Money', namely in (a) Hoarding, (b) Means of Payment, and (c) World Money. However, Uno omits the discussion of money as measure of value that represents Marx's important corrective to (neo)classical theories of money.[274] Uno's omission is logical, and also telling, given his rejection of money as 'the necessary form of appearance of the measure of value which is imminent in commodities, namely labour-time'.[275] For Uno, money is confined to the functions of the means of circulation, means (and aim) of hoarding, means of payment, and 'world money'. His approach therefore imitates conventional theories of money without adding new incentives. This is also why Uno's theory of hoarding etc., despite its many problems,[276] will not be discussed here. Instead, we shall directly move on to Uno's understanding of *capital*.

In the section of *Value Theory* called 'Value as Capital' (Chapter 2, Section 3), Uno presents his thesis that the development from C-M-C to M-C-M, roughly referring to Chapter 4 of *Capital*, was motivated by *international trade* and *merchant capital*. Like in the *Methodology*, where Uno discusses the historical beginnings of capitalism, he again recurs to Marx's assumption from Chapter 2 of *Capital* Volume 1 that '[t]he exchange of commodities begins where communities have their boundaries …' We have already seen in Chapter 2.1. of this volume that Uno delegates the problem of the emergence of a capitalist mode of production *away* from the issue of production *towards the focus on exchange between communities in pre-medieval societies*, and thereby away from Marx's own understanding of primitive accumulation. It makes sense to briefly return to the discussion on method in Chapter 2. According to Michael Heinrich's important insight, it was the separation of the producers from the means of production that initiated capitalist sociation historically, not 'the hoarding in the hands of few'. This insight followed from the structural analysis of the

274 Engster 2014, p. 89.

275 Marx 1976, p. 188.

276 One of them being the identification of wealth with use value: 'In commodity economy, wealth is nothing but simply use value. But it can also not stop at commodities'. Uno 1973 [1947], p. 325.

concept of capital in the chapters preceding the one on 'Primitive Accumulation'. Chapter 24 of *Capital* Volume I was written as the presentation of the *historical instance* that gave rise to the subjugation of labour under capital: 'Only on the basis of the analysis of the capitalist mode of production it becomes therefore clear that the separation of direct producers from their means of production (and not, as could be assumed, the hoarding of money treasures in the hands of few) is the central historical precondition for the capitalist mode of production … only *after* the analysis of the basic structure of the capital relation, it becomes clear *which* historical processes have to be presented with regard to the generation of the capital relation'.[277] Uno, though aware of the theoretical importance of the 'free worker in the double sense', here seems to attribute a stronger emphasis to the role of the 'hoarding of money treasures in the hands of few' in his discussion of merchant capital and the general formula for capital in M-C-M'.[278] He does not clearly delineate the meaning of the historical emergence of the 'free worker' from his emphasis on the existence of merchant capital for the constitution of capitalism.[279] In fact, within Uno's historical systematisation of the emergence of the capital relation, this remains a pervading contradiction. While Uno draws on the unique importance of the 'commodification of labour power' for his theoretical elaboration on the reproduction process of capital, the commodification of labour power itself – and this 'relation encloses a world history' – remains *external* to Uno's understanding of the history of the capital relation. Yet, at the same time, as is also admitted by Uno, industrial capital 'is no longer merely a form of circulation'[280] and therefore *presupposes* the labour power commodity. With regard to this contradiction, Hyeon-Soo remarks that if capital can only be understood on the social basis of the commodification of labour power, then it is a matter of fact that the concept of 'capital' cannot solely contain the forms of commercial or interest-bearing capital. It follows that the theory of the transformation of money into capital (as explained by Uno) is insufficient for the understand-

277 Heinrich 1999, p. 178.

278 See also Marx 1989b [1861–3], p. 405: 'It is not the ownership of money which makes the capitalist a capitalist. For money to be transformed into capital, the prerequisites for capitalist production must exist, whose first historical presupposition is that separation. The separation, and therefore the existence of the conditions of labour as capital, is given in capitalist production; this separation which constantly reproduces itself and expands, is the foundation of production'.

279 Brenner delineates the two clearly and shows why the latter is not a sufficient condition for the emergence of capitalist relations of production. See Brenner 1977, p. 45. Also see Chapter 2.1.

280 Uno 1980, p. 16.

ing of commodity economy in general, and that it neither implies nor mirrors the emergence of capitalism in a world market dominated by the mercantilist system, even though particular pre-capitalist forms of capital can emerge from the forms of the commodity and money.[281]

To solve this contradiction, Uno suggests limiting the transformation of money into capital to the pre-capitalist forms of merchant/commercial capital, explained in the framework of the self-augmentation of capital in the general formula M-C-M'. Only after this general formula has been explained can we move to understanding the emergence of surplus value in industrial capital.[282] Of course, this leaves us again – as in the discussion of the value form – with the problem of the status of 'the theory of principles' of 'pure capitalism'. We must concede that Uno's theory of capital is undecided between representing a transhistorical or a historically specific, a logical or a historical account, undermining his own claim to the clear separation between the 'three levels' of method. To follow Uno's emphasis on merchant capital as the not only historically, but also logically primary form of capital, let us take a look at Uno's unfolding of the argument. The following discussion will not only show Uno's departure from Marx, but – more pertinently – Uno's relentless attempt to appropriate Marx's theory for his own ends.

3.4.1 *Buying Cheap and Selling Dear*

Before the analysis of M-C-M', Uno discusses the circulation form C-M-C' (which Marx used only in the *Contribution*) to give further evidence to the importance of use value in simple commodity exchange. According to Uno, this development, to which he attributes C-C' as the fundamental circulation form of pre-capitalist societies, was gradually and historically overcome by the development of money as means of circulation, hoarded money, and means of payment. What emerged in merchant or commercial capitalism was a new orientation towards money as a goal in itself.[283] In close connection to the context of the historical emergence of merchant capital, Uno discusses the new form of circulation M-C-M, directed at acquiring and accumulating money as a means in itself:

> Money as a means of circulation stopped circulation when it was hoarded, while at the same time, the selling of commodities preceded their acquisition and was *coercively organised for the sake of the acquisition of means*

281 Hyeon-Soo 1995, p. 94.
282 See Uno 1980, pp. 14–18.
283 See Uno 1973 [1947], p. 329.

> *of payment through sale*. This substantially assumed the basis of such a circulation form and was its necessary development. In other words, the increase of the circulation of gold as money on the one hand assumed these conditions, while on the other hand, it brought forward the 'commodity-economisation' (*shōhin keizaika*) on the basis of the domination of such a circulation form. The development of foreign commerce commercialised inner trade.[284]

Marx however does not discuss any particular historical social formation, but presents the form determinations of circulation (C-M-C, M-C-M) to introduce his notion of *surplus value* which, as probably his single most important term, he directs first and foremost against the *fetishised concept of surplus in the mercantilist notion of 'buying cheap and selling dear'*. Uno, on the other hand, utilises Marx's concept of surplus value to do quite the opposite: M-C-M is introduced emphatically as *the very form* on which capital is based, namely the mercantilist self-understanding of 'buying cheap and selling dear', or the price margin. It comes as no surprise then that not only the most schematistic formula for the basis for capital, M-C-M, is perceived through the lens of merchant capital by Uno – also his understanding of surplus value and the general formula of capital, M-C-M', is paradigmatically informed by capital's *commercial* form:

> As money, value realises itself through the buying and selling of commodities in even more value. This is because it increases so-called surplus value. It is only this value increase, which really makes value capital.[285]

For Uno it is 'not simply the domination of money' in the change of M-C to C-M, but the fact that 'even more money' is acquired in M-M'. Here, Uno moves the discussion to the difference between the interests of the commodity owner and the merchant. In contrast to the commodity owner who throws money into circulation to buy and sell his commodities, the merchant *invests* in order to obtain more money from circulation. Money that does not take the form of a commodity cannot become capital. For Uno, this form shows itself predominantly in merchant capital.

What is crucial is the relation of merchant capital in its general form M-C-M' to the generation of a *surplus*, or, in Uno's terminology, to the *self-augmentation*

284 Uno 1973 [1947], p. 329.
285 Uno 1973 [1947], p. 329.

of value (*kachi no jikozōshoku*). With his discussion of the 'failed attempts' to explain the origin of surplus value by the circulation of commodities and money in Chapter 5 of *Capital*, Marx put the theory to the test: capital 'must have its origin both in circulation and not in circulation'.[286] Marx unfolds his argument of the production and the validation process as being necessarily a process of the exploitation of the labour power commodity in the apparent exchange of equivalents (wage against labour) that, in reality, is not an exchange of equivalents at all, because the labourer does not sell her labour, but her labour *power*, the ability to work. The unique disposition of the labour power commodity – that its use value produces a value that surpasses the value of its exchange value (wages) – becomes the logical basis for exploitation. It also becomes the basis for the fetishised notion that what occurs is an exchange of equivalents: after all, wages represent the *value* of labour power, and in the sale and purchase of commodities, we pay for its value, not its use value. Here, Marx reveals the ongoing confusion and self-contradictions in treating the 'selling above price' as the source of surplus. On another level, more concrete than the merely conceptual introduction of the problematic in the 'Contradictions in the General Formula' in Capital Volume I, Marx treats these 'confusions' in *Capital* Volume III (predominantly Chapter 3), and also in his treatment of commercial capital: '… in fact the whole idea that profit is derived from a nominal increase in commodity prices, or by selling them above their value, arises from the viewpoint of commercial capital. When we look at it more closely, however, we soon see that this is just an illusion'.[287] For Marx, in developed industrial capitalism, commercial capital is relevant insofar as it *contributes* to the formation of a *general rate of profit*, hence, of prices of production. Commercial capital, along with interest-bearing capital, therefore forms a separate factor in the *analysis* of profit. This does not mean at all however that *in reality* commercial capital's own profit can be accounted for *in separation from the profit of industrial capital*. In reality, there is no such thing as commercial capital's 'pure' profit, unrelated to the general rate of profit. Commercial capital takes a share in the average profit without contributing to it via production. The analysis in Chapter 16 and 17 shows just *how* commercial capital attracts 'the part of the surplus-value or profit produced by productive capital that falls to its share',[288] as well as its role in the formation of the gen-

286 Marx 1976, p. 268.

287 Marx 1981, p. 397. For the discussion of the role of commercial capital in the systematic context of *Capital* Volume III, in contrast to Uno's understanding, see Chapter 4.1.

288 Marx 1981, p. 395.

eral rate of profit according to the proportion it forms in the total capital.[289] Marx goes on to explain the 'illusion' that commercial profit seems to spring from 'buying cheap, selling dear': the merchant makes a surplus by buying the commodities *below* the production price resulting from total capital if commercial capital did *not* contribute to total capital, and hence, to industrial capital. Ironically, commercial capital can only make a profit by taking part in the share of industrial capital and therefore initially *diminishing* the original average profit rate. This difference of profit rates *sans* or *avec* commercial capital gives rise to the illusion of 'buying cheap and selling dear' without relation to capital's production process:

> Just as industrial capital only realizes profit that is already contained in the value of the commodity as surplus-value, so commercial capital does so only because the whole of the surplus-value or profit is not yet realized in the price of the commodity as realized by industrial capital. The merchant's sale price is higher than its purchase price not because it is above the total value, but rather because his purchase price is below its total value.[290]

To be sure, this is as true as the math goes for commercial capital in *developed* industrial capitalism.

For Uno however, commercial capital is historically, and therefore also *logically* prior to general industrial capital. While it is obvious that commercial capital was historically prior to industrial capital, we should not commit the error to give it logical priority as a condition for the existence of industrial capital. In fact, with industrial capital becoming the main mode of production, commer-

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289 See Marx 1981, p. 398. If we follow Marx's example and assume that the total industrial capital advanced during the year is 720c + 180v = 900, and the rate of s (*s'*) is 100%, then we have a product of 720c + 180v + 180s = 1080. p' is 20% (s/c+v). If we now assume that in addition to the productive capital of 900, there is a commercial capital of 100, so that the total capital size increases to 1000, then commercial capital's share is 1/10. 'It thus takes a one-tenth share in the total surplus-value of 180 and gets a profit rate of 18 per cent. The profit to be divided among the remaining nine-tenths of the total capital is now only 162, or similarly 18 per cent on the capital of 900. Thus the price at which C is sold to the merchants by the holders of this industrial capital of 900 is 720c+180v+162s = 1062. If the merchant adds to his capital of 100 the average profit of 18 per cent, he sells the commodities at 1062+18 = 1080, i.e. at their price of production … If he still does not sell the commodities above their value or price of production, this is precisely because he bought them from the industrial capitalists below their value or price of production'.

290 Marx 1981, pp. 399–400.

cial capital becomes a *secondary* aspect to the generation and constitution of total social aggregate, even if it directly influences the average rate of profit. In the chapter of commercial capital, Marx's criticises treating commercial capital as the logical ('purely theoretical') precondition of industrial capital as such:

> In the course of scientific analysis, the formation of the general rate of profit appears to proceed from industrial capitals and the competition between them, being only later rectified, supplemented and modified by the intervention of commercial capital. In the course of historical development, the situation is exactly the reverse. It is commercial capital which first fixes the prices of commodities more or less according to their values, and it is the sphere of circulation that mediates the reproduction process in which a general rate of profit is first formed. Commercial capital originally determines industrial profit. *It is only when the capitalist mode of production has come to prevail*, and the producer himself has become a merchant, that commercial profit is reduced to the aliquot share of the total surplus-value that accrues to commercial capital as an aliquot part of the total capital concerned in the process of social reproduction.[291]

These considerations however are removed from Uno's discussion of the 'self-augmentation' of value. Quite to the contrary, with the conceptualisation of merchant capital as the paradigmatic form of capital, Uno maintains that for the 'self-augmentation of value', 'there is no other method than "buying cheap, selling dear"'.[292] In other words, because a surplus cannot emerge from an exchange of equivalents, it must emerge from an exchange of *non*-equivalents, from 'buying cheap and selling dear'. The evidence Uno allegedly draws from Marx's critique of Condillac, however, is owed to a substantial distortion of Marx's own argument. In the following, let us see how. Marx's critique of Condillac[293] is directed against the latter's confusion of use value and exchange value. Condillac (and other vulgar economists) assume an exchange of equivalents ('value for value') 'whenever they wish to consider the phenomenon in its purity'.[294] In order to explain the origin of profit, however, Condillac must assume an exchange of *unequal* values in which '[w]hat is more to the one is

291 Marx 1981, pp. 400–1.

292 Uno 1973 [1947], p. 332.

293 *Le Commerce et le gouvernement, considérés relativement l'un à l'autre* (1776) remains Etienne Bonnot de Condillac's (1714–80) only economic work. He was originally a philosopher, supporter of John Locke's empiricism, and published widely on epistemology.

294 Marx 1976, p. 260.

less to the other, and vice versa … We wish to part with a useless thing, in order to get one that we need; we want to give less for more …'[295] Marx objects:

> Hence we see that behind all attempts to represent the circulation of commodities as a source of surplus-value, there lurks an inadvertent substitution [German: *Quidpropro*; the Japanese translation is missing], a confusion of use-value and exchange-value.[296]

Uno however omits the following strong argument against Condillac in his Marx quote: 'We see … how Condillac not only confuses use-value with exchange-value, but in a really childish manner assumes that, in a society in which the production of commodities is well developed, each producer produces his own means of subsistence, and throws into circulation only what is superfluous, the excess over his own requirements'.[297] Uno goes on to quote the following: 'Still, Condillac's argument is frequently repeated by modern economists, especially when the point is to show that the exchange of commodities in its developed form, commerce, is productive of surplus value. For instance, "Commerce … adds value to products, for the same products in the hands of consumers are worth more than in the hands of producers, and it may strictly be considered an act of production"'.[298] To this, Uno replies: 'Even if the argument today no longer exists in this simple form, similar theories have still not been cleared away.'[299] Marx declares an extremely harsh verdict against this view, quoted by Uno:

> But commodities are not paid for twice over, one on account of their use-value, and a second time on account of their value. And though the use-value of a commodity is more serviceable to the buyer than to the seller, its money-form is more so to the seller. Would he sell it otherwise? We might therefore just as well say that the buyer performs what is 'strictly' an 'act of production' by converting stockings, for example, into money.[300]

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295 Condillac, *Le Commerce et le gouvernement* (1776), Paris 1847, quoted in Marx 1976, p. 261.
296 Marx 1976, p. 261. Quoted in Uno 1973 [1947], p. 333.
297 Marx 1976, pp. 261–2.
298 Marx 1976, p. 262. Marx quotes from S.P. Newman, *Elements of Political Economy*, Andover and New York 1835, p. 175.
299 Uno 1973 [1947], p. 333.
300 Marx 1976, p. 262. Quoted in Uno 1973 [1947], p. 333.

Marx rejects Condillac's view that equal exchange can be a source of profit: we do not pay twice for a commodity. Equal exchange of commodities does not add value and cannot be considered an act of production – note that the last sentence has a strong ironic note. So much for Marx's refutation of the exchange of equivalents constituting (surplus) value.

However, Uno's comment on this quote is worthy of consideration. It justifies not only the role he ascribes to merchant capital and the logic of 'buying cheap and selling dear' as constitutive to the basic form of capital. It also explains why, for Uno, the production process could be disregarded. Moreover, it claims to be based on *Marx's own argument*. Let us consider Uno's comment on Marx's view of Condillac.

First, Uno contends that merchant capital 'concretely shows the form' of Marx's claim that without assuming commodity form, money cannot become capital:

> Of course, by this schema (M-C-M'), we cannot understand how value as capital obtains self-augmentation. Simply put, there is no other method than 'buying cheap, selling dear'. However, as said before, even if there is an inner circulation as capital, the commodity and money have no function outside of being the commodity and money. The money owner in the purchase M-C formally appears as the buyer in contrast to the commodity owner. He does not confront him as a capitalist (*shihonka to shite kore ni tairitsu suru wake dewanai*). The same goes for the process C-M, the process of sale …
>
> Finally, whether in the process M-C the commodity is bought *below* its value, or in the process C-M, it is sold *above* its value, there is no other way for the value augmentation of capital than to be performed in this mutual process.[301]

Uno performs a twofold trick: he acknowledges Marx's objection to Condillac in order to use Marx's argument to maintain that 'the original rule of self-augmentation' was to be found the logic of *unequal* exchange – for if *equal* exchange cannot yield profit, then *unequal* exchange must. Uno:

> Even if the buyer, as well as the seller, perform an 'act of production' (*seisan no kōi*), commerce does not particularly do so. Here is no space for

301 Uno 1973 [1947], p. 332.

> rebuttal in this clear form, but any claim that denies the so-called labor value theory must first be settled from this point.[302]

Uno not only uses Marx as a buttress for a view that Marx never holds, namely that the generation of surplus value in M-C-M' takes place through the exchange of non-equivalents. He also ignores the whole succeeding discussion in which Marx precisely shows that this, for reasons of logic, cannot be the case.[303] More drastically, Uno concludes that the labour theory of value fails to hold in the formation of merchant capital: 'buying cheap and selling dear', or the sale of a commodity above its value, is the basic form of capital for Uno. To be sure, Uno merely considers the 'purely' formal criteria for the surplus. But this is probably also his lacuna. For, if 'the root of surplus value is completely irrational',[304] then we cannot simply take the form of the logic of self-validation into account. In other words, 'buying cheap, selling dear' – mechanisms of merchant capital as an insular and historically overcome phenomenon – do not suffice to explain, indeed distort, the *general* concept of capital. The general concept of capital cannot be arrived at by relations of exchange, as Marx shows in the 'Contradictions to the General Formula'. Without repeating Marx's historiographic arguments for the general concept of capital (see Chapter 2.1. and 5.3.), we must concede that Uno underestimates the historical significance of merchant capital's *disintegration*, and not its continuity, for the emergence of the new mode of production in productive capital. In this sense, as Brentel comments, 'Marx clearly *differentiates* between, on the one hand, the *dissolving effect* of trade and merchant capital on the older mode of production, which it simultaneously strives to keep intact, and on the other, the implementation of a new mode of production by industrial capital which is contrary to and ultimately abolishing merchant capital as an autonomous form'.[305] This is also reflected in the inability of readjustments to the duties and responsibilities of merchants in the seventeenth century to account for a new production mode:

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302 Uno 1973 (1947), p. 333.

303 In *Capital* Volume III, Marx is very outspoken about this: '… in the process of circulation, no value is produced, and thus also no surplus-value. The same value simply undergoes changes of form. Nothing at all happens except the metamorphosis of commodities which by its very nature has nothing to do with the creation or alteration of value. If a surplus-value is realized on the sale of the commodity produced, this is because it already existed in the commodity … Commercial capital thus creates neither value nor surplus-value, at least not directly'. Marx 1981, p. 392. In this context and section, we can also find a repetition of Marx's objection to Condillac from *Capital* Volume I.

304 Uno 1973 [1947], p. 334.

305 Brentel 1989, p. 182.

> Right up to the middle of this century [the 17th century], for example, the manufacturer in the French silk industry, and the English hosiery and lace industries, too, was a manufacturer only in name. In reality he was simply a merchant, who kept the weavers working in their old fragmented manner and exercised only control as a merchant; it was a merchant they were really working for. This method always stands in the way of the genuine capitalist mode of production and disappears with its development. Without revolutionizing the mode of production, it simply worsens the conditions of the direct producers, transforms them into mere wage-labourers and proletarians under worse conditions than those directly subsumed by capital, appropriating their surplus labour on the basis of the old mode of production.[306]

Hence, for Marx, 'this development, taken by itself, is insufficient to explain the transition from one mode of production to the other'.[307] The 'independent and preponderant development of capital in the form of commercial capital is synonymous with the non-subjection of production to capital; i.e. with the development of capital on the basis of a social form of production that is foreign to it and independent of it'.[308] Merchant capital cannot serve as the explanatory basis for the general concept of capital as a *social relation*. The appropriation of alien and unpaid labour, i.e., unequal exchange *in this sense alone* meaningfully explains the origin of surplus value. Uno's insistence on the formal criteria of commodity exchange as explanandum for the creation of surplus value and the general concept of capital indicates not only his disavowal of Marx's specific cognitive interest in the problem of the fetishistic approach to surplus value – i.e. in theories of equal exchange or 'buying cheap and selling dear' – but also wittingly undermines the *social dimension* that the allegedly 'formal' relation between commodities entails: namely that between capital and labour. It may be useful at this point to sum up the preceding analysis. The following points outline where Uno's reading of value differs to Marx's value theory in the sequence that they were discussed in Chapter 3, which follows the argument of *Value Theory*. Uno differs from Marx's conception

306 Marx 1981, pp. 452–3. Competition between industrial and merchant cities further contributed to the divide, and explain the politically reactionary character of merchant against industrial capital: 'In modern English history, the actual merchant estate and the trading cities also appear to be politically reactionary and in league with the landed and financial aristocracies against industrial capital. Compare for example the political role of Liverpool as against Manchester and Birmingham'. Marx 1981, p. 445 (footnote 46).

307 Marx 1981, p. 444.

308 Marx 1981, p. 445.

1) in the rejection of the concept of abstract labour for the analysis of exchange relations and distribution, advocating its deferral to the analysis of production,
2) in the understanding of abstract labour emerging historically with simplification, deskilling and homogenisation in large-scale industry, hence as a form of *concrete* labour,
3) in the attribution of abstract labour to *dead*, and concrete-useful labour to *living labour* in his reading of 'The Production Process' in Chapter 7 of *Capital*,
4) in the claim that the *subjective evaluation* by the owner of the commodity in the relative form of value (linen) about the commodity in the equivalent form (the coat) determines its value, against value determination in socially necessary labour time,
5) in the theory of money as the 'solution' to the contradiction between use value and value and the Baileyan view of money as 'power of purchase',
6) in the conflation of 'form' with 'formalism', and the prevalence of form over the substance of value, and
7) in the determination of merchant capital as the paradigmatic form of capital in the formula M-C-M', disavowing the transformation of money into capital by the process of production and the exploitation of labour power.

In the following, we will see how Uno conceives of the theory of value as a theory of social reproduction within the context of *Principles of Political Economy*. In this context, we will discuss how Uno grounds his theory of social reproduction in an equilibrium theory of price. In doing so, we will show that Uno conflates Marx's presentation of the reproduction schemas in *Capital* Volume II with his price theory of *Capital* Volume III. The transformation of value into prices of production, and with it, the formation of the general rate of profit, will be presented by taking the results from Uno's value theory as basis. We will see that Uno radically departs from Marx's critical framework to present us with an apologetic view of the capitalist system.

CHAPTER 4

The *Principles of Political Economy* (*Keizai Genron*, 1952/1964) in Light of Marx's Critique of Political Economy

> The Critique of Political Economy, for Marx, does … not consist in grasping the capital relation as a fact, but as a problem.
>
> CLAUDIO NAPOLEONI (1974)[1]

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The *Principles of Political Economy* (*Keizai Genron*) are without doubt Uno's most widely read work and has often been considered his main publication. It has been translated by Thomas (Tomohiko) Sekine and published in English translation in 1980. The original Japanese edition was first published as a two-volume work in 1950 and 1952 with the academic publisher Iwanami Shoten. In 1964, it was republished in an abridged version that has also been the basic text for the Sekine translation in 1964, also with Iwanami. The following argument relies on the 1964 version, the editorial changes to which Uno supervised himself.

Uno's intention in the *Principles* was to present his 'pure theory of capitalism' in the most concise way. The work consists of three major parts – The Doctrine of Circulation (*ryūtsūron*), The Doctrine of Production (*seisanron*), and The Doctrine of Distribution (*bunpairon*) – and discusses the respective economic categories prevalent in each of them. Remarkably, the footnotes accompanying the main text are not only equally important as the main text, focussing on an explanatory content, but they also primarily contain Uno's discussions of Marx's own theorems, often supplemented by practical examples.

As is obvious, the structure of the themes and chapters generally leans on the three volumes of Marx's *Capital* – with important distinctions that also inform Uno's basic deviation from and sometimes even rejection of some of Marx's central methodological claims. To be sure, the central difference

1 Napoleoni 1974, p. 59. Our translation.

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between Marx's *Capital* as a Critique of Political Economy and Uno's *Principles* is the mode of presentation in the former: a *critique* of the central assumptions of classical and vulgar political economy and their 'fetishistic' and apologetic perception of capitalist society and its categories. This critique is completely abandoned in Uno's text. The *Principles* solely focuses on the presentation of 'the laws peculiar to capitalism', presupposing only 'the abstract context of a purely capitalist society made up of the three major classes of capitalists, workers, and landowners'.[2] Yet, in another contrast to Marx, Uno claims that

> [by] deliberately restricting its scope to the commodity-economy … political economy reveals the general norms of economic life *common to all societies, including pre-capitalist societies* … as well as a socialist society in which the commodity-economic relation will have been superseded. Political economy … reveals the economic base of all societies whether ancient, medieval, or modern as the *substructure* … by exhibiting the self-containedness of the capitalist economic system … What political economy exposes by means of the laws of a commodity-economy are, in fact, nothing other than the behavioural norms of economic life (*keizaiseikatsu ni okeru kōdō no gensoku*) shared by, and forming the 'substance' so to speak, of all human societies, but appearing with transparent clarity only in a capitalist society, i.e. a society totally governed by the commodity-economic forms.[3]

This understanding of capitalist society as a 'sub-form' of 'general economic life' is counter-factual to Marx's understanding of the capitalist mode of production as a historically specific form of production in which the confrontation of capital and labour is the basic constellation. The assignment of (a critique of) political economy therefore consists in precisely *clarifying its specificities*, showing how and in what way capital is radically different from previous historical societies – one of the defining differences being the shift to the social production of value instead of use value. Accordingly, Uno's understanding of political economy to 'reveal the general norms of economic life common to all societies' ahistorically and counterfactually ascribes a universal pattern to the historical specificity of the capitalist relations of production, much akin to the classical political economists Marx has precisely criticised for this view. Uno's definition, that the 'economic base of all societies, whether ancient, medieval

2 Uno 1980, p. Xxii.

3 Uno 1980, p. xx. See Uno 1964, pp. 3–4.

or modern' is 'revealed' by political economy, also implies that the modes of general social reproduction are common to all societies. It is precisely this view that Marx contests. Capitalism's mode of social reproduction follows laws quite distinct from that of pre-capitalist societies and therefore cannot be subsumed under an 'economic base' allegedly 'common to all societies'. We will see in the following that this central view of Uno's is owed to a strong emphasis on a *functioning reproduction* in the economy in general, while disregarding the *specific conditions* of *capitalist* reproduction, especially the circulation of values based on unpaid labour. Uno's model, as we will see, is contrary to Marx's in that it is concerned with successful and unhindered reproduction, and not with problems associated with the *hampering* of reproduction, i.e. crisis. Following from this, our discussion of Uno's theory of reproduction will question the equilibrium view that systematically excludes the possibility of reproductive crisis. In this context, we will show that Uno does not hold any viable theory of the capitalist valorisation crisis, but a theory of business cycles, in which equilibrium is always restored. For Uno therefore, the capitalist economy as object of research is much rather a *fact* than a *problem*.

As for a more detailed presentation of Uno's deviations from Marx with regard to the conceptual and structural approach to theorising the capitalist economy, these will be critically discussed in the following chapter.

4.1 The Reconstruction of *Capital*

In the previous chapter, we could see that for Uno, the specificity of commodity economy consists not in its production mode, but in its forms of circulation.[4] The preference for form over substance – which we have critically revealed as a preference for *formalism* over an analysis of the social conditions of production that *necessitates the very forms in which they appear* in the first place – motivates Uno's intervention. The understanding of social substance as being entirely subsumed by the circulation forms of capital forms the guiding principle for Uno's reconstruction of the methodological structure of *Capital* undertaken in his main work that shall be discussed in this chapter. Uno's insistence that 'the production process is subsumed under cap-

4 'It deserves a great deal of attention that *the labour-and-production process that is common to all societies* can be subjected to a theoretical analysis only at this juncture of the Doctrine of Production in the pure theory of capitalism'. Uno 1980, p. 22. See also our discussion of the transhistorical character of abstract labour in Chapter 3.1. of this volume.

ital which … provides the form-determination of value'[5] sets forth his motivation to rewrite the structure of *Capital* in the *Principles of Political Economy*. The following table[6] presents Uno's structuring in direct comparison with the chapters and sections in *Capital* that roughly correspond to the *Principles* of the 1964 edition:[7]

Principles of Political Economy	*Capital*
PART I: **The Doctrine of Circulation**	**Volume I: The Production Process of Capital**
Introduction	Part One: Commodities and Money
Principles of Political Economy	*Capital*
1. Commodities	Ch. 1: The Commodity
	Ch. 2: The Process of Exchange
2. Money	Ch. 3: Money, or the Circulation Commodities
3. Capital	Ch. 4: The General Formula for Capital
PART II: The Doctrine of Production	Part Three: The Production of Absolute Surplus-Value
Introduction	
1. The Production-Process of Capital	Ch. 7: The Labour Process and the Valorisation Process:
The Labour-and-Production-Process	The Labour Process
The Process of Value Formation and Augmentation	The Valorisation Process
The Development of the Capitalist Mode of Production	Part Four: The Production of Relative Surplus-Value

5 Uno 1973 [1962], p. 158.

6 See also Hoff 2008 and Hyeon-Soo 1995. Hoff however only compares the structure of Part III with the one of Volume III, and Hyeon-Soo does not directly juxtapose Uno's structure to that of Marx. Hoff 2008, p. 108; Hyeon-Soo 1995, pp. 64–5.

7 The main text of the original 1952 version is twice the length of the 1964 version. Uno himself supervised and made the editorial changes to the abridged version.

2. The Circulation-Process of Capital	**Volume II**: The Circulation Process of Capital, Part One: The Metamorphoses of Capital and their Circuit – Part Two: The Turnover of Capital
3. The Reproduction-Process of Capital	**Volume I: Part Seven: The Process of Accumulation of Capital**
Simple Reproduction: The Reproduction of Capital and Labour-Power	Ch. 23: Simple Reproduction
Expanded Reproduction: The Actual Process of Capitalist Accumulation	**Ch. 25: The General Law of Capitalist Accumulation**
The Reproduction-Process of the Aggregate Social Capital: The Absolute Foundation of the Law of Value	**Volume II: Part Three, Ch. 20–21: Accumulation and Reproduction on an Expanded Scale**, Section 1: Accumulation in Department I, and Section 2: Accumulation in Department II
PART III: The Doctrine of Distribution	Volume III: The Process of Capitalist Production as a Whole
Introduction	
1. Profit	**Part Two: The Transformation of Profit into Average Profit**
The Formation of the General Profit Rate: Transformation of Values into Production Prices	Ch. 9: Formation of a General Rate of Profit (Average Prate of Profit), and Transformation of Commodity Values into Prices of Production
Market Prices and Market Values (or Market Production-Prices): Demand-and-Supply-Relation and the Formation of Surplus Profit	Ch. 10: The Equalisation of the General Rate of Profit through Competition. Market Prices and Market Values. Surplus Profit.
The Falling Tendency of the General Rate of Profit: The Advancement of Productive Powers and Business Cycles	Part Three: The Law of the Tendential Fall in the Rate of Profit
2. Rent	**Part Six (Ch. 37–47): The Transformation of Surplus Profit into Ground Rent**

3. Interest	**Part Five (Ch. 29–36): The Division of Profit into Interest and Profit of Enterprise**
Loan-Capital and Bank Capital	Ch. 21–23, 25–27, 29–32 (Banking Capital, etc.)
Commercial Capital and its Profit	**Part Four (Ch. 16–20): The Transformation of Commodity Capital and Money Capital into Commercial Capital and Money-Dealing Capital (Merchant's Capital)**
Capital as an Automatically Interest-Bearing Force	Ch. 24: Interest-Bearing Capital as the Superficial Form of the Capital Relation

As we can see from this direct comparison, Uno's *Principles*, being a work of no more than 126 pages in the Sekine translation,[8] can in no way correspond to all the chapters and issues of the three volumes of Marx's *Capital*. Neither can it hope to address all of its issues, let alone analyse them. Especially the bulk of what Marx has conceptualised and developed as the direct critique of the main contentions of classical economic thinkers goes unmentioned in Uno's work. But the decision to undertake *Capital*'s reconstruction, and the omissions undertaken by Uno to establish his own version of the 'pure theory of capitalism', are, as I will argue, themselves symptomatic for his formalistic reading of the critique of political economy. Regarding the reconstruction of the rough structure, what we can notice at first sight is the following:

a) Uno starts his *Principles* with 'The Doctrine of Circulation', in the context of which he analyses the categories of the commodity, money, and capital, in contrast to Marx who develops the same categories in the context of The Production Process of Capital, beginning with the commodity and money.

b) In Part III, corresponding to Volume III of *Capital*, Uno undertakes a complete reversal of parts four, five and six, which now appear in inverted sequence: instead of commercial capital, interest, and rent, Uno first discusses rent, then interest, and, lastly, commercial capital. The discussion of Part Seven of Volume III, 'The Revenues and Their Sources', is quickly treated in the last section of 'Interest', 'Capital as an Automatically Interest-Bearing Force', where Uno also references Chapter 24 of Volume III, 'Interest-Bearing Capital as the Superficial Form of the Capital Relation'. By also subsuming commercial capital under 'interest', Uno stresses the pre-eminent function of interest and credit for

8 The original of 1964, published with Iwanami Zensho, is 220 pages long.

the reproduction of capital. Like Marx, however, Uno insists that interest is 'the form in which the fetishistic character of capitalist production reaches perfection'.[9]

c) Having discussed the circulation process of capital in Chapter 2, Uno then returns to *Capital* Volume I in Chapter 3 of the *Principles*, giving it the title 'The Reproduction-Process of Capital'. Here, Uno intends to show that the general reproduction process must be situated within the context of Volume II, not in the context of Volume I where it is discussed in Part Seven, 'The Process of Accumulation of Capital'. Uno relocates this part within the context of Volume II. Hence, the accumulation process of capital is described within the context of the reproduction schemes of Volume II. One of the reasons for this, as we will see, is to de-emphasise the significance of accumulation. The closing section of 'The Reproduction-Process', subtitled 'The Absolute Foundation of the Law of Value' therefore roughly corresponds to the 'Accumulation and Reproduction on an Expanded Scale' of Volume II. We will discuss Uno's motivation to relocate 'The Process of Accumulation' within the context of Volume II and especially the reproduction schemes at the end of the present chapter (4.1). With it, we will be able to better understand why and how 'The Absolute Foundation of the Law of Value' is central to Uno's theory of general social reproduction, based on his understanding of the 'law of value' to be discussed in Chapter 4.2.

It is crucial in this context to point out that in the *Principles*, the different levels of conceptual analysis undertaken with the structure of the three volumes of *Capital*, are anathematic. In contrast, in *Capital*, the different levels of analysis *define* the object of research: the manuscripts to Volumes I and II, and even the first seven chapters of Volume III, present the *essential* conceptual analysis that informs the *sine qua non* of the capitalist mode of production as the relation between capital and the exploitation of alien, unpaid labour. Of the two big innovations Marx prided himself on, one was the discovery of profit in its 'pure form', namely surplus value – unlike Ricardo who only knew surplus value in its already falsified or fetishised form of appearance, as profit and rent.[10] Here, Marx's critique directly engages theories of equivalent

9 Uno 1980, p. 74.

10 'The best points in my book are: 1. (this is fundamental to all understanding of the FACTS) the two-fold character of labour according to whether it is expressed in use-value or exchange-value, which is brought out in the very First Chapter; 2. the treatment of surplus-value regardless of its particular forms as profit, interest, ground rent, etc. This will be made clear in the second volume especially. The treatment of the particular forms in classical political economy, where they are for ever being jumbled up together with the general form, is an olla potrida!' Marx to Engels, 24 August 1867. Marx and Engels 1987, p. 407. See

exchange and surplus value. From here, he conceptually develops the process of valorisation, accumulation, reproduction, and crisis as form determinations defining the capital relation as a historically specific economic social relation. Volume III, starting with the 'Transformation of Profit in Average Profit' is restricted to the level of *appearance, based on* the form determinations analysed *in the two previous volumes*. By having previously analysed the *essential* conceptual nexus of the capitalist mode of production in vols. I and II, Marx could now move on to its forms of *appearance* in the manuscripts comprising Volume III. Value here appears as price of production, surplus value as profit, and capitalist accumulation as the generation of a general profit rate. This is important for Marx's fetish-critical method: the fetish-characteristic forms of value – as different forms of price (production price, cost price, sales price, market price), industrial and commercial profit, interest and rent – receive their 'final ossification' in Volume III, for which the analysis of the first book holds the key, and which can now be revealed in their inverted self-presentation. This is demonstrated for example in Marx's discussion of cost price and commodity value in the first chapter of Volume III: the difference in price (and the origin of profit) results not from the commodity value and sales price, but from the difference between cost price and the commodity value – in short, the difference between the cost for the capitalist and the profit earned by the same capitalist in applying unpaid labour in the production process. The concept of cost price that treats variable capital as constant capital 'under the heading of circulating capital' obscures this, however.[11] This also shows the importance of Volume II and its conceptual clarifications of fixed and circulating (fluid) capital as a subspecies of constant capital, conceptually distinct from variable capital. There is a second reason for this specific structure of the three volumes: in the context of Volume III, *commodities are* '*in fact*' *products of capital*. This is not the case in the presentation of Volume I where the general systematic conditions of the commodity as a product of capital are analysed. These conditions lie within the systematic foundation of the capitalist mode of production, the production and the circulation process of capital.

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also Marx's letter to Engels from 8 January 1868 as quoted in Chapter 1.2. of this volume. Marx and Engels 1987, p. 551.

11 'As far as value formation is concerned … the variable portion of capital, that laid out on labour-power, is expressly identified here with constant capital (the portion of capital consisting of production materials), under the heading of circulating capital, and thus the valorization process of capital is completely mystified'. Marx 1981, p. 124. 'Profit, as we are originally faced with it, is thus the same thing as surplus-value, save in a mystified form, though one that necessarily arises from the capitalist mode of production'. Marx 1981, p. 127.

In Volume III, the pivotal concept of competition that as yet has been disregarded in the previous analysis now becomes a defining concept. But because '[*i*]*n competition … everything appears upside down*',[12] it affects also our epistemological access to the phenomenon of profit. Profit must therefore be analysed separately, namely as the appropriation of surplus value, in accordance with Marx's labour theory of value. However important the distinction, Uno's principles of reconstruction do not reflect the 'leap' from the essential and basic to the superficial and 'fetishistic' determinations of value. Here, too, we can detect Uno's negligence to see *Capital* first and foremost as a critical examination of the fetish character of conventional economic categories.

Concerning the omissions of the reconstruction, as we have indicated before in the discussion of Uno's treatment of merchant capital, Uno (a) altogether omits Chapter 5, 'Contradictions of the General Formula' of *Capital* (M-C-M'), and, in direct relation, Chapter 6, 'The Sale and Purchase of Labour-Power'. He thereby excludes the central theoretical intervention Marx undertakes in his critique of 'circulation theories' of surplus value, and the fetishistic illusion appearing from it, so that (b) Uno does not develop a concept of surplus value from the critique of circulation theories of surplus value, and hence, a theory of exploitation that stands at the heart of Marx's critique of the classics and the 'vulgar' economists. Instead, Uno's conception of surplus value is relocated within the context of 'value augmentation', i.e., 'The Valorisation Process' of capital, without a preceding analysis of what Marx calls 'the conditions of the problem' – namely how the exchange of equivalents can generate a part of the total produce as surplus value, appropriated as profit. Uno is oblivious to this central self-posed research framework that marks Marx's central difference to conventional economic theory. Even more, Uno accuses Marx of not having strictly concluded the form determination of capital from the commodity and money – disregarding the critical analysis Marx's analysis is embedded in: '*Capital* has not sufficiently developed "The Transformation of Money into Capital" clearly as the form determination proceeding from the commodity and money. Besides, as in the case of the commodity and money, with respect to their emergence in history, it also shows the historical development theoretically'.[13]

(c) Uno omits the first two parts of Volume III – 'The Transformation of Surplus-Value into Profit, and of the Rate of Surplus-Value into the Rate of Profit' and 'The Transformation of Profit into Average Profit'. Especially the exclusion of Part One (Chapters 1 to 7) renders Uno's understanding of the

12 Marx 1981, p. 311. Emphasis in the original.

13 Uno 1962 [1974], p. 297, footnote.

so-called transformation problem incomplete. In this part, Marx shows how surplus labour related to variable capital, i.e. the part of capital used to keep labour power in the valorisation process, is distorted: with the origin of surplus value appearing to lie in both variable and constant capital, value appears to be the outcome of both labour and the means of production in equal ratio. Uno however does not recur to this problem in the *Principles*. Quite to the contrary: for Uno, the question of the transformation of values to prices of production becomes a question of general equilibrium, hence equilibrium prices. Supply and demand regulate the production price and socially necessary labour time in the last instance, so that the validity of 'the law of value' can be shown only in the phenomenon of equilibrium prices that serve to satisfy general demand.[14] In this sense, the distribution of surplus value as profit serves the aim of satisfying general social demand. This happens, as Uno insists, in contrast to the rate of surplus value (s/v), which indicates 'the social relation of workers vis-à-vis capitalists'.[15] The rate of profit (s/c+v), in contrast, indicates the relation among capitalists alone:

> The latter relation [s/c+v] places capitalists, so to speak, outside of the production process allowing them to observe the efficiency of its value augmentation per given period of time. Thus the rate of profit offers a standard, according to which capital selects various *spheres of investment* so as to produce and supply the diversity of the use-values that are socially demanded, though capital itself is not directly interested in these use-values. This is the manner in which capital satisfies the social demand, making a commodity-economic detour, so to speak, and developing in concrete terms a peculiarly commodity-economic principle of capitalist distribution.[16]

We will return to Uno's idiosyncratic view of an alleged *compatibility* of capitalist accumulation with 'social equilibrium' in the next chapter (Chapter 4.2.).

In sum however, rather than for his omissions, in the *Principles* and other writings, Uno gives reasons for his *reconstruction* of *Capital*. In the following,

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14 Although it must be noted that Uno's view does not quite correspond to Sekine's interpretation of him: '… the third doctrine of distribution shows how the capitalist mode of production develops and regulates its own market so as to produce all use-values that are socially needed in a manner that is most satisfactory to the self-adopted aim of capital'. Thomas Sekine, 'An Essay of Uno's Dialectic of Capital', in Uno 1980, p. 148.

15 Uno 1980, p. 73.

16 Uno 1980, p. 73. Original emphasis. See Uno 1964, pp. 137–8.

let us consider how Uno justifies the relocation to place I) the circulation forms before and in separation from the process of production and II) rent before interest, and accordingly, before bank and commercial capital. Here, Section 4 of his 1962 writing *The Methodology of Political Economy* (*Keizaigaku hōhōron*) is telling. In this section, titled 'About the Structure of the Sections (in *Capital*)', Uno for the first time discusses his critique of Marx's general architecture of *Capital* which formed the basis for Uno's reconstruction in the *Principles*.

4.1.1 *Circulation before Production*

That Marx had allegedly introduced the labour theory of value 'prematurely' into his discussion of the commodity form had already been a prevalent criticism in *Value Theory*, as we have seen in the previous chapter. In 'About the Structure', Uno reiterates the argument, while stressing the place of the 'form determinations' of the commodity, money, and capital within the complete structure. For Uno, especially Volume II is of great importance, less in its 'mediating' function, but rather because the form determinations show their actual impact on the logic of the reproduction of capital. Here, we are also presented with Uno's argument for placing reproduction theory not within the 'Production Process', but solely within the context of Volume II and the reproduction schemas:

> In Section 3 of vol. 2,[17] Marx says that '[t]he total process presents itself as the unity of the process of production and the process of circulation'. But the relation between the theory of reproduction in volume 1, especially with its theory of population, to the so-called reproduction schemes in vol. 2, is unclear. As against the consideration of the form determination of the commodity, money, and capital within the context of 'The Production Process of Capital' in volume 1, 'The Circulation Process of Capital' is considered after the reproduction process of vol. 1, in the separate volume II.[18]

Because for Uno, the form determinations of the beginning 'encroach' upon the production process, the relation between reproduction and especially the law of population must be elucidated within the theory of circulation. But why are the forms necessarily 'external to the production process'[19] for Uno? There is

17 The passage quoted by Uno is in Chapter 4 of Volume 2, not in Section 3.

18 Uno 1962 [1974], pp. 287–8.

19 Uno 1962 [1974], p. 289.

both a historical and a logical reason for this. As we have seen in Chapter 2, Uno relies heavily on a remark by Marx in the analysis of The Exchange Process of Volume II, namely that 'The exchange of commodities begins where communities have their boundaries, at their points of contact with other communities, or with members of the latter'.[20] This remark is used *ad nauseam* by Uno to stress the historical emergence of production on the basis of a particular type of exchange, here, communal exchange.[21] At the same time, as seen previously, the labour and production process is conceived as a *transhistorical* one, i.e. a process that is shared between such disparate economic forms as Robinson Crusoe's island and highly developed industrial capitalism. Hence, for Uno

> [the] unfolding of the circulation forms of the commodity, money, and capital, when clarified to grasp the production process at the basis of the capital form, must explain the labour-and-production process as the social substance that is common to all social formations … The labour process common to all societies is subsumed under its specific social forms,[22]

that is, the commodity form, money, and capital.

This is also why

> the form determinations of the commodity, money, and capital must be developed in pure form. Furthermore, it makes the determinations of the abstract labour-and-production process its basis, and hence the substance of value can be clearly shown. There may be people who think this view is against the materialist view of history in which the production process is thought to be the foundation. However, this only mechanistically applies to the materialist view of history. Commodity economy itself hasn't evolved from the inner [structure] of the production process, it did not develop from the production process. The production process has both a beginning and an ending within commodity economy. This is why Marx began *Capital* with the commodity and money, not with the labour-and-production process. Rather, the development from the

20 Marx 1976, p. 182.

21 As we have seen in the previous chapter, Uno rejects the hypothesis of 'primitive accumulation' in the case of Japan.

22 Uno 1962 [1974], p. 290.

> commodity makes the direct explanation of the substance of value in labour (sic) impossible.[23]

In the foregoing – see especially the introduction to our Chapter 2 – we have already discussed why Marx begins with the commodity: not because it is *separate* from the process of production, but because generalised commodity production is one of the *conditions* on which the emergence of the commodity form can take place at all. The separation of the direct producers from the means of production, the origin of generalised commodity production with the commodification of labour power, is a relation 'inherent in production itself'.[24] In the introduction to the *Principles*, Uno is even more outspoken: the commodity and the money form derive their specificity not from the specific form of production, but to the contrary, from the form determinations of *circulation*. The latter therefore determines *which* transhistorical laws of production (*keizai gensoku*) are to be assumed in the case of specific economies. The 'pure theory' of capitalism therefore primarily thematises the forms peculiar to capitalism, in which these forms present particular general forms of circulation, i.e. the commodity, money, and capital:

> … the commodity-economy, the forms of which are required to disclose the general economic norms, does not evolve from within the production process of a society, i.e., from the root of its economic life (*keizai seikatsu no kiso*). It arises, as already pointed out, from the exchange relation between one production-process and another. The forms of human relation peculiar to commodity exchanges then influence the production-processes by reaction, sink slowly into them (*shintō shi*), and finally take possession of them; the commodity economy thus secures the substantive base of its operation in a production-process by gradually encroaching upon it from the outside. It is for this reason that the pure theory of capitalism cannot begin with a doctrine of production, despite the widely held view to the contrary that political economy should first examine the process of production which forms the real base of any economic process. Marx's *Capital*, Volume One, though entitled 'The Production-Process of Capital', begins in fact with the discussion of such circulation-forms; only after the development of the form of capital does it turn to the analysis of the labour-process which is common to all societies, finally opening

23 Uno 1962 [1974], pp. 290–1.
24 Marx 1978, p. 196.

> the real treatment of the production process of capital … The pure theory of capitalism must, in any case, begin with the doctrine of circulation in which the forms of circulation alone are to be examined. The doctrine of production can then treat the production-process that conforms to these circulation forms.[25]

First, as discussed in Chapter 3, this enterprise is not only diametrically opposed to Marx's understanding of *social form* which pertains to the specific form of *labour* peculiar to capitalism, namely value-producing abstract labour where 'in fact, the whole secret of the critical conception [is]'.[26] Uno's view is opposed to Marx's method in which precisely the so-called 'forms of circulation' are embedded within the volume of the Process of Production to dismantle the fetishistic illusion that the commodity, money and capital are merely 'forms of circulation'. Second, it is not exactly clear how, if the production process is common to all societies, the presentation of the production process from Chapter 7 of *Capital* Volume I onward should be able to address the 'peculiarity' of the capitalist production process without a preceding mediation through the categories that supposedly render the production process specific. It rather seems that the claim of a 'premature discussion of the labour theory of value' is a *petitio principii*. The *petitio*, in fact, consists in maintaining that we must *postpone* the discussion of the labour and production process until the alleged form of circulation has been 'explained': because at what point, and with what methodological justification, could the defining concepts of the capitalist mode of production suddenly become a part of the analysis? Each category is set into the method of the mediation, towards more concrete and more precisely defined terms, which serve to grasp the capital relation as a whole. The commodity presented at the beginning of *Capital* is the *capitalist* commodity, but what it means to be 'capitalist' can only be fully elucidated with further mediation. This does not mean however that capitalist production can be abstracted from the *concept of the commodity*: without capitalist production, there would not be a commodity, much less a commodity *form*. According to Uno's understanding of the correct method, however, production would have to be suddenly inserted, externally, and without mediation, *after* the circulation forms. But to grasp the forms of circulation requires a grasp of the complete process of production, and the specific ways the real subsumption of labour under capital or the *class relation* is *enacted*. Uno misrecognises

25 Uno 1980, p. xxiv.
26 Marx and Engels 1987, p. 514.

that, for Marx, the forms of circulation – especially money as the predominant value form – is necessitated by a specific form of production, which makes general commodity exchange its only mode of social metabolism. By prioritising circulation over production, Uno fails to address the peculiarity of this production mode. With it, he misrecognises the role of abstract human labour, made palpable by money, as the general social mediator. We seem to have come to the point already addressed in Chapter 1 with regard to Chris Arthur who, unlike Uno, does not suppose a transhistorical understanding of the production process, but, like Uno, believes that production in *Capital* is discussed 'too early'. Here, I argue, is where the source of the confusion lies: precisely by thematising production right from the start of the exposition, Marx cannot only circumvent the problem of justifying an unmediated thematisation of 'production' at some random point, but by explicitly thematising production from the beginning, Marx delivers the key to unravelling precisely the illusion that production is peripheral to the discussion of the value forms.

4.1.2 *Rent before Interest, Banking before Commercial Profit*

The next question concerns how Uno justifies the re-shifting of the chapters in *Capital* Volume III, corresponding to his 'Doctrine of Distribution' in the *Principles*. The Doctrine of Distribution, forming Part Three of the *Principles*, addresses the distribution of surplus value among the different branches of industrial capital, landed property, and bank capital (interest and credit). At first sight, we can notice that Uno relocates the concept of rent from the relative end of Marx's exposition in *Capital* Volume III (Chapter 37 to 47 of 52 chapters in total) to the relative beginning, right after the discussion of profit. Uno defines rent as 'a concession of capital to the proprietors of limited and monopolisable natural powers, generically represented by land, which are needed as means of production in the production-process of capital, but which also set an external restriction in the activity of capital'.[27] Interest, 'on the other hand, is the transfer of incremental surplus value produced in consequence of the utilisation of idle money-capital … as *investible funds* by other capitals'.[28] As to their basic conceptual difference, which also justifies the order in which they appear in the structure of the *Principles*, Uno claims that 'rent is earned from a direct participation in the production-process of capital, unlike interest which derives from a supplementary and additional contribution to the motion of capital. Hence, after profit, the Doctrine of Distribution must first treat rent

27 Uno 1980, p. 73.
28 Uno 1980, p. 73.

and next discuss interest'.[29] The re-shifting of bank capital before commercial capital follows the same logic: while bank capital can still be said to emerge in indirect form from the production process of capital, commercial profit 'is no longer directly tied to surplus value obtained in the production-process of capital; it seemingly springs from the entrepreneurial activity of the capitalists'.[30] For Uno, the saving of circulation costs by the mediation of commercial capital forms the condition of possibility for the emergence of idle money funds that can serve as loan capital, and therefore the condition of possibility of interest-bearing capital.[31] Interest therefore must be referred to a place in the structure further removed from the actual process of the generation of an average profit rate. Accordingly, we have two results in the *Principles* in contrast to the structure of *Capital* Volume III: with regard to the rough structure (profit-interest-rent), according to Uno, interest is less directly involved in the production process of capital than rent and must therefore be treated at the end of the analysis, so that 'capital-rent-interest' becomes the correct sequence. In the same vein, concerning the more filigree structure within the analysis of Interest (loan and bank capital – commercial capital and its profit – Capital as an Automatically Interest-Bearing Force), commercial capital must be treated after bank capital, as it conceptually presupposes the mediating activity of credit or loan capital in order to serve as the mediator of the saving of circulation costs in the production process. Rather than counterpose the different *semantics* of the concepts of rent, interest (bank and commercial profit) and the accumulation process of capital discussed within the framework of reproduction in Uno's interpretation as against that of Marx, let us take a closer look at the *different systematic locus of these concepts* within their respective works. As a matter of fact, the reflection on the systematic position of the respective categories will also provide valuable insights as to their *semantics* in Uno and Marx. But the following shall not be read as an exhaustively performed comparative conceptual analysis. Rather, limiting the comparison to the respective order in which the concepts appear will not only help us understand Uno's structural deviation from Marx's, but also the relocation as a *shift of emphasis*

29 Uno 1980, pp. 73–4. To emphasise the importance of this point, Uno remarks that 'I believe that the formation of rent can and must be logically explained prior to the emergence of interest motivated by the saving of circulation costs'. Uno 1980, p. 75.

30 Uno 1980, p. 74: 'The financing of idle money-capital generated from the motion of industrial capital, i.e. the conversion of such money-capital into investible funds, is arranged by the special institution known as a bank, which develops into *bank-capital* with a share in the general profit'. Original emphasis.

31 See Uno 1980, p. 74.

on the taxonomic order in order to stress the respective relevance of these concepts in their structural nexus for understanding capitalist totality.

In Uno's theory, the concept of rent is arguably developed in closest accordance with Marx's, despite the difference of locus in the structure of Volume III. However, two conceptual deviations exist. They do not in themselves explain the shift of rent before interest, which for Uno is exhaustively explained by rent participating directly in the production process and the formation of a general profit rate as the direct mode of distribution among the different capitals – while interest does not directly participate in it. But they can help to highlight a methodological inconsistency in Uno's alternative conceptualisation, as well as Uno's and Marx's difference in emphasis as to the purpose of the theory of rent. Let us first review the changed locus of Uno's concept of rent.

4.1.2.1 Rent

First, Uno stresses that rent presupposes landed property, which in itself cannot be explained as a result of the capitalist law of appropriation. In other words, the capital relation does not create landed property as its principle. Rather, the emergence of 'modern' private ownership of land – which is not equivocal with the 'capitalist' ownership of land – is the necessary historical precondition for the generation and the development of capitalist production, but it does not create it: 'Although the conversion of surplus profit into rent characterises the capitalistic form of land-ownership, this conversion does not generate land-ownership itself'.[32] In an attempt to defend Hegel's notion of private landed property against Marx's critique,[33] Uno claims that

> the ownership of land constitutes the foundation of all other forms of private property, including what Marx calls 'private property based on the labour of its owner'. The fact that capitalism presupposes the severance of the direct producers from land does not simply give rise to the so-called capitalist law of appropriation; that fact also brings all the forms of private ownership that a commodity-economy involves into a well-

32 Uno 1980, p. 106, footnote 8. This argument is directed primarily against both Ōuchi Tsutomu's and Hidaka Hiroshi's critique of Uno that pure theory presupposes a historical precondition while the theory of capitalist ground rent can explain the logical necessity of landed property without reference to history. The debate between Uno on the one hand and Ōuchi and Hidaka on the other also included questions of the exact determination of absolute rent, the rule of the 'descending order' in differential rent I that 'presupposes freedom on the part of capital to invest on superior rent first', a view that Uno rejects. See Uno 1980, p. 106. See Ōuchi 1958 and Hidaka 1962.

33 See Marx 1981, p. 752, footnote 26.

> defined social institution. Since any form of labour is a human activity applied directly or indirectly to land, capitalism requires the institution of private property securely rooted in the private ownership of land in order to appropriate surplus labour at all.[34]

Therefore, landed property already owns 'natural powers', such as land, 'and must confront capital as an alien property, so that the capitalist should be obliged to rent from their owners such natural powers whenever he wants to use them as means of production'.[35] This argument is not entirely alien to Marx's. However, in Marx's structure, the emergence of private landed property as a necessary precondition for the capital relation had already been explained on the basis level of the theory of *Capital*, concluding Volume I and its discussion of primitive accumulation. In introducing rent in Part 6 of *Capital* Volume III, Marx can refer to rent's historical conditions as they have previously been explained:

> Landed property presupposes that certain persons enjoy the monopoly of disposing of particular portions of the globe as exclusive spheres of their private will to the exclusion of all others. Once this is given, it is a question of developing the economic value of this monopoly, i.e. valorizing it, on the basis of capitalist production. In the section on 'Primitive Accumulation' (Volume 1, Part 8) we saw how this mode of production presupposes on the one hand that the direct producers are freed from the position of a mere appendage of the soil (in the form of bondsmen, serfs, slaves, etc.) and on the other hand the expropriation of the mass of the people from the land. To that extent, the monopoly of landed property is a historical precondition for the capitalist mode of production and remains its permanent foundation, as with all previous modes of production based on the exploitation of the masses in one form or the other.[36]

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34 Uno 1980, pp. 103–4, footnote 1.

35 Uno 1980, p. 97.

36 Marx 1981, pp. 753–4. In addition, Marx dedicates a chapter on the historical 'Genesis of Capitalist Ground-Rent' (Chapter 47) after its systematic analysis, in accordance with the 'Historical Material on Merchant's Capital' (Chapter 20) supplementing its logical analysis in Chapters 16–19, and the presentation of 'So-Called Primitive Accumulation', that also forms the conclusion to the previous analysis of the production process in Volume I of *Capital*. The reasons for this particular systematic sequence in *Capital* – the presentation of the historical *only after* the logical presentation – have been discussed in Chapter 2.1. of this volume.

Since Uno rejects the *grounding function* of primitive accumulation for the emergence of the capital relation, in order to substitute it with a theory of original exchange (as shown in Chapter 2.1.), he is now at pains to argue the necessary historical precondition of privately owned landed property for the emergence of rent under capitalist conditions. At the same time, he stresses the importance of the historical precondition to conceptually develop rent. In other words, because pure theory nowhere accounts for the 'severance of the direct producers from land', it cannot account for the conceptual development of rent by its own method. However, the difficulty of integrating the concept of rent *into the pure theory itself* is beyond Uno's consideration. For Uno, rent simply requires an already existing landed property, but as to *how* this historical precondition can be explained on the basis of his pure theory of capitalism remains obscure. Additionally, not only rent, but the 'institution of private property' as such is required for capitalism in order to develop its own faculties, as Uno asserts. But this cannot be elucidated on the basis of his own theory. Instead, for Uno, the explanation offered in the *Methodology* and elsewhere, namely that the capitalist mode of production originated in exchange 'outside of the boundaries of communities', i.e. merchant capital, rather than in expropriation, serves as the theoretical foundation of his study of capital as 'pure theory'.[37] This is a grave lacuna in Uno's pure theory, and even more so since Uno nowhere in his discussion of rent reflects on this obvious methodological flaw. Yet, Uno agrees with Marx that the compatibility of landed property with the form of capitalist production has yet to be established by capital.[38] In this sense, the theory of rent must – for both Uno and Marx – explain how a specifically capitalist ground rent is made compatible with the capitalist mode of production. The question at hand is how rent enters into the formation of a general profit rate. Uno:

> All this [the discussion of the function of differential rent I and II] boils down to the fundamental issue concerning the method of theorising in the context of pure capitalism: the process in which landed property develops its particularly capitalistic form … It is therefore neces-

37 See e.g. Uno 1974 [1962], p. 213.

38 'But the form in which the capitalist mode of production finds landed property at its beginning does not correspond to its mode. The form that does correspond to it is only created by it itself, with the subjection of agriculture to capital; and in this way feudal landed property, clan property or small peasant property with the mark community is transformed into the economic form corresponding to this mode of production, however diverse the legal forms of this may be'. Marx 1981, p. 754.

> sary to show that the first form of differential rent, which arises from the need of capital to convert its surplus profit into rent, constitutes the first step towards the capitalistic characterisations of landed property; the second form of differential rent constitutes the second step imposing, so to speak, a passive constraint upon the process of capital accumulation by the landed property, which again conforms to the commodity-economic principle of capital … Capital, let me repeat, does not create land-ownership as such, but requires the particular form of land-ownership suitable to its production process. The discussion of rent in the pure theory of capitalism accordingly exhibits the theoretical compatibility of the form of landed property with the production process of capitalist society.[39]

Consequently, Uno claims that '[r]ent is formed because capital cannot by itself absorb surplus profit arising from the use of limited land without violating its own principle of equality'.[40] By this he refers to the contribution of rent to the formation of a general rate of profit. However, in the *Principles*, we also find reference to his stages theory that must explain 'deviations' from the 'rule-of-thumb', i.e. that capitalist rent presupposes private ownership of land. This deviation can e.g. be found in the case of Japan: 'In a country like Japan, however, in which capitalism evolved relatively late, it was not necessary for capitalism to "subordinate agriculture to capital" in order to achieve a high level of development … This fact suggests that the purely theoretical study, though indispensable, cannot be immediately applied to the concrete analysis of the Japanese experience'.[41] The 'theory of pure capitalism and empirical analysis must always be mediated by a stage-theoretic characterisation'.[42] In Chapter 2, we have seen how this mediation itself becomes external to a coherent theory of capital, encompassing all 'levels'. In his more methodological reflections, Uno fails to address what understanding of capitalism justifies the systematic coherence and therefore the *unity* of the three levels of pure theory, stages theory, and analysis of the empirical facts. The 'Three Level-Method' (*sandankairon*) therefore invites an infinite regress to the method of political

39 Uno 1980, p. 107, footnote 9.

40 Uno 1980, p. 100.

41 In same passage quoted above, Marx contends that the subjugation of agriculture to capital has not been smoothly conducted everywhere. Interestingly, he also chooses Asia as an example: 'In Asia, it [capitalist production] has simply been imported here and there by the Europeans'. Marx 1981, p. 753.

42 Uno 1980, p. 104, footnote 2.

economy, since the three stages cannot – by means of their own conceptual definition – account for their *own* unity. Furthermore, in the context of the theory of rent, the tacit presupposition of the theory of primitive accumulation, i.e. of a historical precondition not answered for in pure theory, is ominous. The presupposition of landed property in general, feudal terms, for both the formation of a specifically capitalist landed property and the entering of surplus profit into the general rate of profit, is *methodologically* undermined by Uno's failure to include primitive accumulation, i.e. the expropriation of land from the small peasantry, into the pure theory he draws on in order to explain its own terms in a 'self-contained' way.

Second, for Uno, the theory of rent supplements the theory of profit, while no more consequences can be drawn for the systematic position of rent within the general structure. For Marx, the emphasis on rent – discussed *after* interest – is different. It is more closely connected to the theory of the so-called 'three sources of revenue' – the 'Trinity Formula' in Marx's parlance – than Uno recognises. As argued throughout the present volume, the refutation of the Trinity Formula is the pivotal motivation for Marx's criticism of fetishism as method. In the structure of the manuscripts for what would become *Capital*, Marx primarily targets the theory's *classic form*, as it has been first formulated by Adam Smith, namely in its sequence labour/wages, capital/profit (interest plus profit of enterprise), land/rent.[43] Marx quite obviously adheres to this form of presentation in his overall analysis and critique over the three volumes, which demonstrates the centrality of the Trinity Formula's classic form as an object of critique. By targeting the theory's classic form as we find it in Smith, Marx is also able to discuss it in the conventional sequence in which it has come to dominate the economic discourse since the 1770s. The first supposition, namely that labour 'yields' wages, has not only been criticised and analysed by Marx in Volume I, it forms the heuristic basis or the *interpretational key* to demystify the fetishistic illusion that it is only *one among other* forms of social wealth. Because abstract human labour, and especially living labour in the context of production, is the *only* source of wealth in its particularly capitalist social and historical form, it must by logical necessity be analysed first – at the level of the analysis of essence. Only *afterwards*, in accordance with the sequence of the Trinity Formula, is Marx able to show how the notion of capital yielding profit, respectively interest and profit of enterprise, and the notion of land yielding rent, is a fetishism based on the naturalisation of the social

43 'Wages, profit, and rent, are the three original sources of all revenue as well as of all exchangeable value. All other revenue is ultimately derived from some one or other of these'. Smith 1846 [1776], p. 24.

form specific to capital, in which social production is stripped of its particular character in the form of wage labour and exploitation. This explains why the illusion that labour yields wages is dispersed at the basic level of Marx's analysis. In this sense, at first sight, Marx seems to deviate from his own intent of critically revealing the *increasing* mystification accompanying the categories of profit, interest, and rent. For is not the category of interest, rather than the theory of rent, where the 'capital relationship reaches its most superficial and fetishized form'?[44] For Uno, the discussion of interest as the last category is at least in part explained by this motive. Indeed, the relation of M-C-M' (as in commercial capital) is extinguished to M-M' in the theory of interest, with its original dependency on the exploitation of alien labour completely removed from sight. To emphasise the importance of interest-bearing capital as 'fetishistic', Uno maintains that the problem of fetishism with regard to the Trinity Formula is less comprehended by the category of rent than by interest. Hence, the theory of rent must precede the theory of interest:

> … the so-called ideal (*rinen*) of capitalist society in the last section on the 'Sources of Revenue' cannot be comprehended in its inner relation from the category of rent. That the character of class relation in capitalist society is obscured (*inpei sarete*) at the roots of formal commodity-economic equality and liberty shows most clearly where landed property itself becomes interest-bearing capital. The establishment of capital is completed where land, like capital, becomes commodified and produces interest by itself.[45]

But Uno misses the second feature of Marx's separation of the theory of rent from the theory of interest: Marx's desire to criticise *their confusion*, which has often overwhelmed classical political economists. This confusion lay either in their attempt to apologetically 'transform the capitalist system of production into a system of "harmonies" (such as Carey)', or to directly 'present interest on capital as a form analogous to ground rent' (Dudley North, Locke) in a time when interest received general social contempt. Uno, like some political economists in Marx's time, therefore also forgets that 'ground-rent can and does exist without the addition of any interest on the capital incorporated in the soil'.[46] Like them, he simply identifies rent with interest-bearing capital.

44 Marx 1981, p. 515.
45 Uno 1974 [1962], p. 288.
46 Marx 1981, pp. 759–60.

More generally, Marx's treatment of the theory of the 'three sources of revenue' precisely endeavours to show its *heteronomity*. Hence, Marx comments that 'the ostensible sources of the wealth annually available belong to completely disparate spheres and have not the slightest analogy with one another. Their mutual relationship is like that of lawyer's fees, beetroot and music'.[47] With regard to rent's position in the Trinity Formula that Uno claims 'cannot be comprehended … from the category of rent', it is noteworthy that, by the same token, the notion that 'nature' creates surplus value or profit, is no less fetishistic or illusory than the notion that interest is unhinged from the production process of capital.[48] And, like the latter, it belongs to the canon of firmly established beliefs of classical economic theories – including that of Smith and Ricardo – which can all be traced back to the notion that labour is not the only source of profit. Hence, Marx's emphasis on the theory of rent is a different one than Uno's. While for Uno, the themes of the 'Doctrine of Distribution' revolve around the distribution of the total social profit between different capitals, in order to elucidate the relationship among capitalists alone, Marx, in his concluding critique of the Trinity Formula, relegates it back to the relation between capital and labour – keeping in mind the prevalence of the labour theory of value as a theory of *social form*. To show this in every instance of the classic formulation of the theory of the 'three sources of revenue' informs the greater division of *Capital* Volume III into profit–interest–rent.

47 Marx 1981, p. 953.

48 Marx lists five conditions of the analysis of surplus profit in the chapter on 'Differential Rent in General'. These can be summarised as follows: first, rent is always differential rent, arising from the difference between the individual production price and the general production price for capital in the same sphere of production, 2. ground-rent 'arises from the greater relative returns from certain particular capitals invested in a sphere of production', as compared with capital investments that are excluded from these favourable conditions, 3. 'the natural force is not the source of the surplus profit, but simply a natural basis for it, because it is the natural basis of the exceptionally increased productivity of labour'. The use of natural forces or mechanics, e.g. water power, is directly linked to the appropriation of a greater share of profit contained in the commodities produced with the help of natural powers, but this only makes sense as a characteristic of and within the logic of capital, not as a characteristic of the natural powers, 4. 'landed property in the waterfall has in and of itself nothing to do with the creation of the portion of surplus-value (profit) and hence of the price of the commodity that is produced with the aid of the waterfall'. 5. 'Landed property enables the proprietor to lay hold of the difference between the individual profit and the average profit; the profit captured in this way, which is renewed every year, can be capitalized and then appears as the price of the natural force itself'. Marx 1981, pp. 785–7.

4.1.2.2 Interest (Bank Capital and Commercial Capital/Profit)

That Uno discusses bank and commercial capital merely as sub-forms of interest – though specifically demarcated ones – highlights one of the formal differences to Marx's conceptualisation. In Marx, the formation of commercial capital is clearly separated and prior to the theory of interest, the latter of which subsumes the analysis of bank and loan capital, in short, the credit system. The clear separation of commercial capital from interest is motivated by Marx's claim that

> [i]n interest-bearing capital, the capital relationship reaches its most superficial and fetishized form. Here we have M-M', money that produces more money, self-valorizing value, without the process that mediates the two extremes. In commercial capital, M-C-M', at least the general form of the capitalist movement is present, even though this takes place only in the circulation sphere, so that profit appears as merely profit upon alienation; but for all that, it presents itself as the product of a social *relation*, not the product of a mere *thing*. The form of commercial capital still exhibits a process, the unity of opposing phases, a movement that breaks down into two opposite procedures, the purchase and sale of commodities. This is obliterated in M-M', the form of interest-bearing capital.[49]

Two results can be drawn from this observation: first, with regard to the complete conceptual structure, the general emphasis on the fetishistic character of the categories under view in an 'ascending order' – from commercial capital/profit to interest – and second, with regard to the notion of commercial profit alone, commercial profit's appearance as 'merely profit upon alienation'. It is especially the last aspect that gets lost in Uno's conceptualisation of commercial profit. Accordingly, Uno misses the point of Marx's analysis of commercial profit within the structure of Volume III. To begin with, critically engaging Uno's own interpretation against Marx, we must look at Uno's specific understanding of commercial profit within the theory of interest, succeeding the category of bank capital.

On a more general level, for Uno, commercial profit is obtained from the saving of circulation costs of productive capital and must be analysed after the theory of profit and rent, because it does not contribute to the production of surplus value. Bank capital however has a special role in the mediation of com-

49 Marx 1981, p. 515.

mercial capital – this is what allows it to become an economic factor in the question of circulation costs:

> … the influence of the circulation period and the circulation costs on the profit rate, as I have already explained before, does not wait for what Marx calls 'the intervention of commercial capital' via the theory of interest in money capital. It must be clarified through the mediation of commercial capital as *bank capital*. In other words, 'industrial capitals and the competition between them' itself shortens the circulation period by the advance (*yūzū*) of money funds as idle money capital which becomes the first problem (*mondai*). Besides the fact that commercial capital is a precondition for the saving of circulation costs, it also *solves the problem* of the saving of original circulation costs.[50]

Bank capital advances or accommodates idle money capital to commercial capitalists in order to serve their (only) function as the savers or 'economisers' of circulation costs. They both work hand in hand in the cost-saving and circulation-facilitating process of capitalist valorisation: while bank capital converts idle money-capital necessarily generated by the movement of industrial capital into socially utilisable funds and re-allocates them, commercial capital replaces industrial capitals in the conversion of commodity-capital into money-capital by selling the commodities and therefore 'expediting the hazardous process C'-M".[51] Bank capital therefore participates directly in the facilitation of the appropriation of profit while commercial capital indirectly participates in it. To justify this interpretation, Uno refers to Marx: 'Marx himself says that "commercial capital first of all abbreviates the phase C-M for productive capital. Secondly, given the modern credit system, it has a large part of the society's total money capital at its disposal, so that it can repeat its purchases before it has definitively sold what it has already bought …"'[52] The role of commercial capital is to abbreviate and save this substantial part of the *faux frais* of production not only in an accidental, but in a general form:

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50 Uno 1962 [1974], p. 296.

51 Uno 1980, p. 113.

52 Uno 1962 [1974], p. 296. Uno quotes from Marx 1981, p. 419. Marx's original locus for the discussion of the costs of circulation is not in Volume III, but in Volume II, Chapter 6, of *Capital*. However, in Volume III, 'The Role of Credit in Capitalist Production' is the 'reduction of circulation costs', which however does not fall to commercial capital, but is logically prior in bank capital and credit. Marx 1981, p. 566.

> Commercial capital, in contrast to the social saving of circulation costs through the credit system, eliminates the individual, accidental difference in the shortening of the circulation period by making the direct saving of so-called pure costs of circulation its object. It therefore additionally supports the formation of an average profit rate – by capitalising the costs of circulation itself.[53]

The savings of the circulation costs arising from the function of commercial capital, Uno contends, enter into the funds of variable capital in the productive sector. This is how commercial capital indirectly contributes to the formation of a general rate of profit. In this case, the expenses at the disposal of commercial capital completely reimburse the costs of labour: 'As expenses, the costs of circulation are at once even better saved here than with the labour of the wage workers, and with the part of the savings, it forms the profit of variable capital'.[54] Commercial profit in Uno's reading also generates the 'so-called entrepreneurial profit' which for Marx, together with interest for bank capital, forms a division of profit at the level of productive capital. While for Marx, profit of enterprise can represent either industrial or commercial profit and is therefore dependent on its mode of investment,[55] for Uno, the relation between commercial capital and profit of enterprise is more closely knit: even if the commercial capitalist is in possession of his own capital stock (*jiko shihon*/*Eigenkapital*), this part of his own capital, like loan capital, is thought to generate interest as capital. The remainder after the subtraction of interest-share from commercial profit by the shortening of the circulation period is then idealised (*kannen serareru*) as 'profit of enterprise' by his own [the commercial capitalist's] activity.[56] As we can see, Uno attributes a somewhat positive role to commercial capital and profit, stressing its facilitation of the circulation process and its indirect role in the formation of a general rate of profit.

The emergence of the general profit rate, as we have seen earlier, is one of the three 'laws' (*hōsoku*) of pure theory, now treated in the context of the distribution of profit. Because it supplements the law of value and the law of population (which, as a law of general social equilibrium, is the 'Absolute Foundation of the Law of Value' that governs the totality of capitalist activity), the intermediary function of commercial capital serves as a welcome and important solution to the problem of general social costs that would otherwise

53 Uno 1962 [1974], p. 296.
54 Uno 1962 [1974], p. 298.
55 Marx 1981, p. 496.
56 Uno 1962 [1974], pp. 298–9.

impede the 'automatic power of self-regulation'[57] inherent in the law of value. Marx had allegedly de-emphasised the structurally hampering character of the circulation period and its costs as an impediment to the smooth functioning of capital, so that 'when *Capital* develops the theory of profit, the treatment of the circulation period is left unclear, so that this point is for the first time considered in commercial capital. But the theory of commercial capital is not clearly solved'.[58] For Marx, what is at stake in the analysis of commercial capital is veritably different from Uno's functionalist reading of 'the saving of circulation costs'. Marx, stressing the 'characteristic peculiarities'[59] of commercial profit, targets the conventional understanding of commercial profit in his predecessors who have not sufficiently understood its role in the formation of a general profit rate and hence succumb to the illusory notion that commercial capital and profit emerge from the mercantilist notion of 'buying cheap and selling dear'. Solely in order to disperse this illusion, or rather answer the question of how commercial capital 'attract[s] the part of the surplus value or profit produced by productive capital that falls to its share', Marx has written the chapter on commercial capital and commercial profit. Answering this question for Marx also serves as an *explanans* of the formation of profit at the superficial level of the presentation. Marx's intervention, in contrast to Uno's, is therefore decisively un- if not anti-formalistic: it primarily considers the divergence of appearance (commercial profit as profit upon alienation) and essence (commercial profit's 'parasitic' behaviour in relation to the general rate of profit in production) within the limits of the capitalist mode of production that characterises his critique of fetishism as method. It is therefore also situated at a level of abstraction different from Uno's. While Uno time and again emphasises the relevance of an unhampered circle of production and circulation in which commercial capital serves as an auxiliary means for industrial capital to obtain surplus value (profit) as a whole in order to fulfil the 'absolute' law of value, Marx's emphasis in contrast lies precisely on a *critique* of the social relation that is value. In other words, the critique of fetishism, in contrast to Marx, is anathema to Uno within the discussion of commercial profit. At this point, we do not intend to repeat the presentation of commercial capital's specific characteristics in fully developed industrial capitalism. Let it however be noted that Marx rejects the notion that 'commercial profit is just a supplement, a nominal increase in the price of the commodities above their value' by showing how it

57 Uno 1980, p. 69.
58 Uno 1962 [1974], p. 297.
59 Marx 1981, p. 379.

contributes to the formation of the general rate of profit according to the proportion it forms in the total capital.[60] More tellingly, this presumption follows a remarkable parallel feature to the role of industrial capital: 'Just as industrial capital only realizes profit that is already contained in the value of the commodity as surplus-value, so commercial capital does so only because the whole of the surplus-value or profit is not yet realized in the price of the commodity as realized by industrial capital'.[61] Without commercial capital, production prices would be differently adjusted, but commercial capital in turn hinges upon the lowering of the total value of the commodities in order to make profit: 'The merchant's sale price is higher than his purchase price not because it is above the total value, but rather because his purchase price is below this total value',[62] i.e. the production price in this segment of production. In other words, because the general profit rate *already accounts for* commercial capital as an intermediary, pushing down the rate of industrial profit in this segment to obtain its own profit, commerce emerges as profitable at all. But from precisely mistaking the *lowering of the purchase price* below the total value for a *surcharge* on total value arises the fetishistic idea of 'profit upon alienation' in the conventional theories of commercial profit. For Uno however, Marx's critique of the mercantilist notion is beyond consideration. Marx's *motivation* for discussing commercial profit at all remains unconsidered in Uno's reading. Quite to the contrary, like in his general theory of capital discussed in Chapter 2.1, he historically exemplifies industrial capital on the basis of merchant capital, instead of comprehending the former as a complete deferral of the analytical frame of reference with regard to the generation of surplus value:

> … I have already mentioned in Part 1, Chapter 3, that merchant capital was the first form of capital to develop in history and is the most general form of capital in theory. Thus industrial capital, too, is based on the form of merchant capital. That is why … industrial capitals are capable of distributing surplus value among themselves as profit, making use of the mechanism of circulation. Yet industrial capitals cannot by themselves go as far as to equalise the burden of circulation costs … commercial capital … must relieve industrial capitals of these inequalities by taking over the business of trading commodities.[63]

60 See Marx 1981, p. 398, for the detailed calculation.
61 Marx 1981, pp. 399–400.
62 Marx 1981, p. 400.
63 Uno 1980, p. 91.

And yet, Uno considers his reconstruction of *Capital* as pure theory in the *Principles* as superior to Marx's. This is shown in another critique of Marx. Uno maintains that 'the unfolding of commercial profit, interest, and rent in *Capital* is rather conducted in merely external fashion'.[64] This objection against Marx's method grows more acute in the latter's distinction between *money capitalists* and *functioning capitalists* in the theory of interest. Here is what Marx says about the pivotal distinction between the two kinds of capitalists:

> Interest … originally appears, originally is, and remains in reality nothing but a part of the profit, i.e. surplus-value, which the functioning capitalist, whether industrialist or merchant, must pay to the owner and lender of capital in so far as the capital he uses is not his own but borrowed. If he simply uses his own capital, there is no such division of the profit; it belongs to him completely. In fact, in so far as the owners of capital use it themselves in the reproduction process, they do not compete together to determine the interest rate, and it is clear here already how the category of interest – which is impossible without the establishment of a rate of interest – lies outside the movement of industrial capital itself … It is in fact only the division of capitalists into money capitalists and industrial capitalists that transforms a part of the profit into interest and creates the category of interest at all; and it is only the competition between these two kinds of capitalists that creates the rate of interest.[65]

In introducing the notion of interest-bearing capital in Chapter 21 of Volume III, Marx gives an example to demonstrate how the money advanced by the money capitalist to the functioning or the industrial capitalist 'receives, besides the use-value which it possesses as money, an additional use-value, namely the ability to function as capital', so that money, in its function of being capital, becomes a commodity:[66]

> Let us take the average annual rate of profit as 20 per cent. Under average conditions, then, and with the average level of intelligence and activity appropriate to the intended purpose, a machine with a value of £100 that is applied as capital yields a profit of £20. Thus a man who has 100 at his disposal holds in his hands the power of making this £100 into £120, and thus producing a profit of £20. What he possesses is a potential capital of

64 Uno 1962 [1974], p. 298.
65 Marx 1981, p. 493.
66 Marx 1981, pp. 459–60.

> £100. If this man makes over his £100 for a year to someone else, who actually does use it as capital, he gives him the power to produce £20 profit, a surplus-value that costs him nothing and for which he does not pay any equivalent. If the second man pays the proprietor of the £100 a sum of £5, say, at the end of the year, i.e. a portion of the profit produced, what he pays for with this is the use value of the £100, the use value of its capital function, the function of producing a £20 profit. The part of the profit paid in this way is called interest, which is thus nothing but a particular name, a special title, for a part of the profit, which the actually functioning capitalist has to pay to the capital's proprietor, instead of pocketing it himself.[67]

For Uno, the distinction Marx makes between the money and the functioning capitalist is a merely 'pragmatic' and 'arbitrary' one. Pure theory does not imply any relation such that a 'functioning capitalist' should pay £5 to a 'money capitalist'. Pure theory, according to Uno, merely supposes capitalists as the 'personification' of capital – which Marx calls 'character masks' – so that the division of capitalists between money capitalists (bankers) and functioning or industrial capitalists is unacceptable within pure theory. Capitalists as personifications of capital only serve the function to produce with their own particular capital a particular surplus value, and, as Uno emphasises, none of this implies the existence of a 'money capitalist'.[68] Besides,

> why should the latter [the money capitalist] lend his capital to the former 'for one year' only instead of permanently? Even if money does acquire 'the additional use-value, namely that of serving as capital', in order for that money to become a commodity, it must first become a non-use-value to the 'money capitalist'. This important point is completely forgotten in the claim that the presence of the additional use-value by itself converts capital into a commodity. An argument such as this is beyond my comprehension, unless the prior specifications of the nature of commodities, money, and capital in *Capital* are to be summarily abandoned at this point. In the pure theory of capitalism the concept of a 'functioning cap-

67 Marx 1981, p. 460. The whole passage is quoted in Uno 1980, p. 120, footnote 2. Sekine uses the *Capital* edition published with Progress Publishers, Moscow 1965. See Marx 1965. (Sekine wrongly cites 1966 as the publication date).

68 For an elaboration of Uno's critique of Marx's distinction between 'money capitalists' and 'functioning capitalists', see Simoulidis, III Conferencia International La obra de Carlos Marx y los desafios del Siglo XXI, 2006.

> italist' who does not possess a capital of his own is surely unreasonable, even if the concept is proposed to pair off with that of a 'money capitalist.'[69]

There are several claims in Uno's rejection of Marx's distinction that we must briefly elucidate in order to understand the misapprehension they express of the form determination of interest-bearing capital.[70] First, why should the money capitalist indeed lend his capital 'for one year' only instead permanently? Obviously, because the money capitalist, just like the industrial capitalist, is primarily interested in revenue. Revenue however must somehow or other materialise in time. Since interest is nothing but the payment for permission to use a specific amount of capital in order to valorise it in a certain period of time, the money capitalist is right to demand his money back after the exhaustion of this time, based on the law of equivalent change (which, needless to say, must be supplemented by a theory of the rate of interest which however precisely presupposes the existence of competing money capitalists). Of course, money-as-capital may also be lent over and over again by the money capitalist, but even in this case, the very concept of interest demands that it must materialise in reality after the revenue has been obtained by the industrial capitalist. Otherwise, there would be no reason to lend money capital at all.

Second, within pure theory, the assumption that functioning capitalists do not possess their own capital is 'unreasonable'. If we again bring to mind that, in Volume III of *Capital*, Marx studies the 'The Process of Capitalist Production as a Whole' in the different forms of capital (profit, interest, rent) as they appear at the *surface* of capitalist (self-)presentation in relation to the increasing obfuscation of the exploitation of living human labour it receives in this order, then interest as a category existing in the reality of the capital relation cannot be abandoned in this systematic intent of Volume III. In really existing capitalist relations, interest, and bank credit deriving from it, *precedes* industrial profit as a fact. Trivially, that is because – if we exclude inheritance as an epiphenomenon which cannot explain overall new capital investments in the

69 Uno 1980, pp. 120–1, footnote 2.

70 Ehara Kei agrees with Uno's claim that the creation of idle money funds in the industrial cycle give sufficient stimulus for the credit system, without a need to refer to 'money capitalists' (Ehara 2017/18. pp. 104–5). But if 'money capitalists', that is, capitalists solely making profit in the sphere of money circulation, exist – and even Ehara would not deny the existence of bankers – we may be well advised to *explain* their existence. This is, in fact, Marx's motivation, which both Uno and Ehara seem to not find necessary.

complete national and international social context – industrial 'entrepreneurs' do not have their own money to start a business. Hence the credit system. Of course, for Uno, this matter looks different, because he disregards the object of Marx's study in Volume III which is the presentation of the *real process* of capitalist valorisation at the surface of its self-presentation. In Uno's presentation, in contrast, interest is merely reduced to the formula M-M' which relies on pre-capitalist relations, together with merchant capital, and which both 'now obtain their capitalist-economic explanation, in the light of which their original activities in pre-capitalist societies as well as their surviving operations in capitalist society can be better appreciated'.[71] However, the presentation of their 'operations' would precisely have to include the existence of the money capitalist on the one hand and capitalists on the other. Uno therefore can neither explain the category of interest nor the category of the rate of interest, because 'only the division of capitalists into money capitalists and industrial capitalists … transforms a part of the profit into interest and creates the category of interest at all; and it is only the competition between these two kinds of capitalists that creates the rate of interest'. At the same time, in Uno's discussion of 'Loan-Capital and Bank-Capital', banking activities are *presupposed*. Uno's rejection is therefore doubly lopsided: not only does he dismiss Marx's discussion of interest by misconceiving of the mode of presentation in *Capital* Volume III that implies really existing relations, but he rejects the distinction between money and functioning capitalists and yet presupposes them himself – if, however, only by sleight of hand.

Yet, Uno admits that 'functioning' as well as 'money capitalists' in fact *do* exist in reality – but pure theory must exclude their existence from its reflection and limit itself to the existence of the capitalist par excellence, i.e. the capitalist as the personification of capital.[72] This argument shows that Uno has not comprehended the significance of the level of abstraction of *Capital* Volume III which treats *really existing* capitalist relations – and therefore matter-of-factly must also include the analysis of the separation of a part of the capitalist class in 'money', i.e. bank capitalists, commercial capitalists, land owners, and so on. As Uno says clearly enough, the 'relation between capitalists' forms the object of the Doctrine of Distribution. It therefore seems curious not to include the relation between industrial and bank capitalists. Third, for Uno, 'the prior specifications of the nature of commodities, money, and capital in *Capital* are to be summarily abandoned' if we say that in order for money to become a loanable

71 Uno 1980, p. 109.
72 Uno 1980, p. 121, footnote 2.

commodity as capital, 'it must first become a non-use-value to the "money capitalist"'.[73] But why should the contention that money functions as a use value contradict any of the suppositions developed in the first chapter of *Capital* Volume I? Money, as the direct incarnation of abstract human labour, even if its use value and value collapse in its fetishistic *semblance* of being directly value, can – under certain conditions – be transformed into capital. This is nothing new even on the level of Volumes I and II, in which money capital is converted into productive capital. It is, however, odd to maintain that money 'must become a non-use-value': since the twofold character of the labour presented in the commodity (*der Doppelcharakter der in den Waren dargestellten Arbeit*) is reflected in use value and value, and the exchange of commodities is motivated by value as the social form of labour under capitalist conditions, then Marx's earliest conception also holds for money loaned as capital: it has value for its seller and a use value for its buyer. That it has a value at all for the seller is decisive here. The only modification lies in the fact that the commodity is not entirely sold once and for all, but lent over a certain period of time. But that does nothing to change the initial analysis of value and use value and of the commodity and money in Chapter 1 of *Capital* Volume I. Uno's formalistic theory of commodity and money as discussed in Chapter 3 comes back with a vengeance in his elaboration within pure theory. Indeed, it is not that the 'prior specifications … in *Capital*' must be abandoned, but *Uno's interpretation of them*. It is remarkable how Uno here indirectly points to the deficiencies of his own interpretation.

4.1.2.3 Accumulation as the Reproduction-Process of Capital

For Uno, the theory of value, the theory of population (discussed within the framework of accumulation and crisis), and the theory of the formation of a general rate of profit form the 'three great economic laws regulating capitalism' (*shihonshugi wo kisei suru sandai keizai hōsoku*) of capitalism. All of these, as will be discussed in the next chapter, regulate capitalist production insofar as they guarantee the satisfaction of general social demand by the appropriate allocation of labour to different spheres of production. This process serves to secure the reproduction of labour power, understood by Uno as the *sine qua non* of capitalist sociation. Capitalist accumulation must therefore be primarily understood as *the process of the reproduction of labour power*. This system of reproduction accordingly presupposes that labour power is always readily available. It therefore simultaneously presupposes a relative surplus popula-

73 Uno 1980, p. 121 footnote 2.

tion created by a period of 'extensive accumulation'. To generally grasp the relation between business cycles and population theory, let us provide a preliminary summary on Uno's theory of crisis within business cycles (which will be discussed in more detail in Chapter 4.4.):

According to Uno, crisis only emerges in periods in which it cannot absorb the existent supply of labour power. Capital reacts by adopting the measures and techniques to newly accommodate labour. The adoption of these methods take place in the phase of depression in which a successive recovery can be noticed. Because of the employment of new production techniques in this transition from depression to prosperity, cycles of so-called 'extensive accumulation', relative surplus populations can be absorbed. This is generally a phase of prosperity. In effect however, with the increase of the organic composition of capital, a relative surplus population may be formed, introducing another phase of crisis. Accordingly, capital must renew its production techniques to absorb these surplus populations in the next business cycle, so that the succession of business cycles of prosperity, depression, and crisis can newly occur.[74] The law of population for Uno manifests itself in capital's ability to both produce, but also absorb the relative surplus population: 'This is the manner in which the law of population peculiar to capitalism asserts itself, securing for capital the supply of labour-power required for its accumulation even when the existing stock and the natural growth rate of the labouring population are given and fixed'.[75] For Uno, this law specific to capitalism therefore supplements the theory of the formation of the general rate of profit, as well as the law of value, so that 'everything is to the best in the best of all possible worlds'. These three laws, in other words, characterise the 'self-containment' of capitalist society. In this conception, Uno invites associations with Leibniz's idea of 'pre-established harmony', applied to the capitalist economy. For Uno, accordingly, Marx had put too much stress on the *formation* of a relative surplus population and too little on its repetitive *absorption*. Uno therefore certainly has a theory of business cycles, but he lacks a theory of crisis.[76] Needless to say, this perception of the 'capitalist laws' is opposed to Marx's understanding in which the 'law' of value as a historically specific social form is founded on the basic contradiction of the domination of value over use value to systematically create poverty and social oppression. The constant formation of a 'relative surplus population', the

74 Uno 1980, pp. 88–9. In this section of the *Principles*, Uno provides a basic overview of his crisis theory.

75 Uno 1980, p. 53.

76 We will return to a more detailed discussion of Uno's theory of the business cycle in Chapter 4.4.

so-called industrial reserve army, or 'surplus population', on the one hand, with the simultaneous accumulation and concentration of wealth in the hands of a few, is one form where this contradiction is demonstrated in really existing capitalist society.

In order to discuss Uno's contention that Marx's theory of the accumulation process of capital should be subsumed under the theory of reproduction, we must take a preliminary look at Marx's conceptual relation of accumulation and reproduction between Volumes I and II of *Capital*. Both accumulation and reproduction are discussed in the two volumes, albeit on different levels of abstraction. Before we consider the theory of reproduction, as exemplified in the 'reproduction schemas' of Volume II, let us hear what Marx has to say about the relation of accumulation and reproduction at the beginning of Part Seven, 'The Process of Accumulation of Capital', in Volume I:

> On the one hand … we assume here that the capitalist sells the commodities he has produced at their value, and we shall not concern ourselves with their later return to the market, or the new forms that capital assumes while in the sphere of circulation, or the concrete conditions of reproduction hidden within those forms. On the other hand, we treat the capitalist producer as the owner of the entire surplus-value, or, perhaps better, as the representative of all those who will share the booty with him. We shall therefore begin by considering accumulation from an abstract point of view, i.e. simply as one aspect of the immediate process of production.[77]

In his methodological distinction between the discussion of accumulation within the basic theory of *Capital* in Volume I and the more detailed discussion in Volumes II and III, Marx notes that '[t]he detailed analysis of the process [of the reconversion of commodities into capital] will be found in Volume 2', so that 'in the following pages, we shall assume that capital passes through its process of circulation in the normal way'.[78] Furthermore, the splitting-up of surplus value into 'various mutually independent forms, such as profit, interest, gains made through trade, ground rent, etc.' will be dealt with 'only in Volume 3'.[79] Uno is dissatisfied with this order of the exposition:

77 Marx 1976, p. 710. The full passage is quoted by Uno in Uno 1962 (1974), p. 292.
78 Marx 1981, p. 709.
79 Marx 1976, p. 709.

> I accept that it [the 'detailed analysis of the process' of reproduction in vol. 2] is different from the 'distribution of surplus value'. However, the question is whether 'the detailed analysis of the process' must come later [than the 'abstract point of view']. The analysis of 'The Circulation Process of Capital' in *Capital* vol. II is also performed 'in the normal way'. What is called the 'detailed analysis' is not a process developed in any unusual way.[80]

For Uno, this understanding suffices to declare the presentation of the accumulation process in *Capital* Volume I redundant. The reproduction process, and especially the schemas in the third part of Volume II, therefore *substitute* the demonstration of the basic and abstract process of accumulation presented in Part Seven of Volume I. As a consequence, accumulation is 'sublated' in reproduction, in Uno's overall systematic order. Uno substantiates this claim by lamenting the missing relation between the process of accumulation and the 'law of population' in Marx. However, even the reproduction schemas only insufficiently consider the theory of population which cannot be merely reduced to reproduction guaranteed by the consumption of the means of subsistence. Accumulation, for Uno, is therefore embedded within the circulation process of capital and must be theorised from its vantage point in the 'pure circulation forms' of the commodity, money, and capital:

> In the schemas, the reproduction of labour power as a commodity is simply the reproduction of labour depending on the consumption of the means of livelihood by the workers. This does not explain the specific law (*hōsoku*) in the reproduction of labour power as a commodity … as the commodity realising sale and purchase through value, being able to assume the form of something that is sold and purchased in separation from its value [i.e. price], and developing the normal 'Reproduction and Circulation of Total Social Capital', including a circulation that is not normal [circulation mediated by price], the 'Accumulation Process of Capital' must be developed first and foremost as something that in its inner structure (*sono naibu ni*), includes the business cycle that, together with its specific law of population, adheres to crisis. That Marx, beginning *Capital* with the commodity, did not develop the various forms of the commodity, money, and capital as pure circulation forms, is by far the biggest problem.[81]

80 Uno 1962 [1974], p. 294.
81 Uno 1962 [1973], pp. 294–5.

A crucial point for Uno in 'The Process of Accumulation of Capital' (*Capital* Volume I, Part Seven, Chapters 23–5), corresponding to 'Expanded Reproduction: The Actual Process of Capitalist Accumulation' in the *Principles*, which includes the business cycles and the law of population specific to it, is the availability of additional labour power. This is because, in reproduction on an expanded scale (= accumulation),

> additional means of production and livelihood must … be made socially available by the overall production of capital. Even if they are available in the market, however, capital cannot integrate them into the expanding scale of its reproduction without the simultaneous procurement of additional labour-power. It is, therefore, perfectly clear that the accumulation of capital is crucially dependent on the availability of additional labour-power which capital by itself cannot directly produce.[82]

Marx's presentation of accumulation in Part Seven of *Capital* Volume I demonstrates an entirely different phenomenon, namely how the 'treadmill-pattern' of accumulation to the contrary necessitates *the redundancy of labour. This fundamental contradiction*, capital's self-inflicted compulsion to exploit as much labour as possible in the shortest period of time, and the simultaneous repulsion of living labour from the process of production, *characterises the inherently crisis-ridden character of capitalist accumulation and production as a whole*. Therefore Part Seven of *Capital* Volume I arguably forms the *single most important chapter of all three volumes of Marx's opus magnum*. In this Part, Marx shows *how* and *why* the theoretical relation of *accumulation*, *reproduction* and *crisis* must be intrinsically subsumed to the problem of the production of surplus value.[83] The 'law of population' (i.e. the constant formation of a relative surplus population or the repulsion of labour) is therefore the *consequence* of the 'dictate of capital', the production of surplus value, but not its regulating principle.[84] In other words, even though the conversion of labour power into a commodity is the *sine qua non* of capitalist production, it is *not its primary motivation*, but merely the means to an end – an end which, strictly speaking, is never just 'an end'. The dynamic of surplus value implies only its own augmentation as principle, 'to approach, by quantitative increase, as near as possible

82 Uno 1980, p. 52.

83 We will return to this in more detail in Chapter 4.4.

84 For an extensive discussion of Uno's vs. Marx's concept of population and accumulation, see Chapter 2.2.

to absolute wealth'.[85] While reproduction of the total social capital exhibits exploitation as the basis to this kind of 'wealth',[86] accumulation demonstrates how *both* the exploitation of a part of the working class *and* the 'setting free' of the other part condition one another as the basis of capitalist real subsumption.[87] Accumulation therefore cannot be subsumed under reproduction or circulation, as Uno would have it. To the contrary, it first of all presents reproduction's condition of possibility in its capitalist form, so that Uno's concept would have to be inverted: accumulation dictates the laws of reproduction, not vice versa. It is therefore treated in its basic mechanism in Volume I of *Capital*, while the analysis of reproduction on a total social scale is postponed to Volume II. Because Uno fails to see that Marx's theory of value is *inherently* a theory of crisis, and not a theory of 'business cycles', he also misrepresents the critical intent of both Marx's theory of accumulation and the reproduction schemas. Far from demonstrating a linear, harmonious system of sales and purchases between workers and capitalists, in which the former simply reproduce their labour power by the consumption of 'means of livelihood', the schemas programmatically demonstrate exploitation of surplus labour *as the social basis* on which reproduction under capitalist conditions takes place. In that sense, the quotes by Uno on the previous page may be misleading: the problem is not that Uno was not aware of Marx's treatment of the inherent relation between accumulation and the 'law of population' as the law of the relative surplus pop-

85 Marx 1976, p. 252.

86 The significance of the reproduction schemas in Part Three of *Capital* Volume III will be discussed in the next chapter.

87 For accumulation as extreme exploitation and repulsion of the labour force at the same time, see Chapter 25 of *Capital* Volume I. The following passage clearly recapitulates the inner mechanism necessary for accumulation: 'The production of a relative surplus population, or the setting free of workers, therefore proceeds still more rapidly than the technical transformation of the process of production that accompanies the advance of accumulation and is accelerated by it, and more rapidly than the corresponding diminution of the variable part of capital as compared with the constant. If the means of production, as they increase in extent and effective power, become to a lesser extent means for employing workers, this relation is itself in turn modified by the fact that in proportion as the productivity of labour increases, capital increases its supply of labour more quickly than its demand for workers. The over-work of the employed part of the working class swells the ranks of its reserve, while, conversely, the greater pressure that the reserve by its competition exerts on the employed workers forces them to submit to over-work and subjects them to the dictates of capital. The condemnation of one part of the working class to enforced idleness by the over-work of the other part, and *vice versa*, becomes a means of enriching the individual capitalists, and accelerates at the same time the production of the industrial reserve army on a scale corresponding with the progress of social accumulation'. Marx 1976, pp. 798–90.

ulation: he simply did not *agree with Marx's pessimism that capitalism must by principle lead to an ever growing tendency to crisis*.[88] In the next chapter, we will see how, in Uno's understanding, the necessity of crisis can be circumvented in a strange attempt to reconcile the law of value with a theory of general social equilibrium.

4.2 The Law of Value as the Law of General Social Equilibrium (Uno)

As we have seen in Chapter 3, Uno's value theory relies on the assumption that the use value of the commodity in the equivalent form motivates exchange relations, even in capitalistically organised 'commodity economies'. In this instance we have argued that Uno neglects the threefold inversion taking place in the equivalent commodity form, namely that a) use value assumes the form of appearance as value, b) concrete labour assumes the form of abstract labour, and c) immediate private labour assumes the inverted form of general social labour. The fetish-characteristic forms that evolve from this inversion of appearance and essence are altogether neglected in Uno's view, especially in his presentation of the use value of a commodity as the incentive for exchange relations between individual commodity owners.

In this section, we will show how this focus on the use value characteristics of social production is further applied to Uno's understanding of capitalist reproduction in general. Social reproduction for Uno must demonstrate the 'Absolute Foundation of the Law of Value', presented in the last section of the 'Doctrine of Production' in Part II. We will further show how the view of value as 'expressing' a balanced relation between production and consumption – an 'equilibrium' of the law of value[89] – delivers a problematic understanding of the creation of surplus value as the necessary basis on which reproduction takes place. It will be argued that although Uno sees 'the sole purpose' of capital as seeking as much surplus value as possible,[90] he believes this view is *compatible* with an equilibrium theory of value where supply and demand are necessarily balanced.[91] In other words: Uno believes in the compatibil-

88 Which is not only implied in the 'Tendency of the Law of the Rate of Profit to Fall' (LTRPF), but already by the analysis of the 'Progressive Production of a Relative Surplus Population or Industrial Reserve Army' (Marx 1976, pp. 781–94).

89 Uno 1980, p. 59.

90 Uno 1980, p. 77.

91 This view has already been pertinently rejected by Paul Mattick. In the capitalist economy, according to Mattick, 'supply and demand never balance'. Mattick 1969, p. 51. The semb-

ity of a Marxian framework of the self-valorising purpose of capital based on the extraction of surplus with the premise of a 'general equilibrium', serving social need.[92] Here we cannot only detect a misrepresentation of capitalism as a principally demand-satisfying economic system as in neoclassical economics and especially marginalism, but also a fatal misunderstanding of the law of value that is not exhausted in its forms of circulation.[93] At their surface, Marx's reproduction schemas in Part Three of Volume II of *Capital*, based on Quesnay's *Tableau Economique*, seem to invite an argument for what Meghnad Desai calls the 'long-term survival of capitalism',[94] or, in Uno's words, the 'self-containedness of the capitalist economic system'. However, if we follow Marx's method to differentiate between the fetishistic *appearance* of equivalent change between capital and labour, and its contradictory *essence* – the exchange of non-equivalents, i.e. the exploitation of unpaid alien labour – this argument will prove to be misinformed. Part 2, Chapter 3 of the *Principles*, 'The Reproduction-Process of Capital', presents Uno's own summary of the reproduction schemas we find in Part Three of *Capital* Volume II. Uno's chapter is further divided into the following sections: 'Simple Reproduction: The Reproduction of Capital and Labour Power', 'Expanded Reproduction: The Actual Process of Capitalist Accumulation', and 'The Reproduction Process of the Aggregate Social Capital: The Absolute Foundation of the Law of Value'. While the first two sections offer little that is controversial within the Marxian framework, the same cannot be said about the last section. After all, here the 'Absolute Foundation of the Law of Value' can finally be proven. Uno's absolute condition for the self-sustainment of capitalist production, that 'labour-power is made available to it',[95] is again asserted as the 'driving force of the motion of capital'.[96] Social reproduction in general is also bound to be 'anarchistic' in the sense that '[c]apital … does not produce with a direct knowledge of the

lance of equilibrium is given in the view of 'maximizaton of private interest'. Mattick 1969, p. 52.

92 Lebowitz even describes the 'general equilibrium' premise as one of vulgar economy – a premise 'contained in its results'. As a construction of 'an apparent totality proceeding from appearance', general equilibrium is 'the highest form of vulgar economy'. Lebowitz 2005, p. 11.

93 As Ebitsuka Akira approvingly comments: 'In short, the central assignment of Uno's theory of circulation forms is the ability to explain the mechanism of the equilibration of supply and demand in a commodity economy'. Ebitsuka 1982, p. 268.

94 Desai 2002, p. 83.

95 Uno 1980, p. 54.

96 Uno 1980, p. 51.

structure of social demand'.[97] As Uno however argues, this does not infringe the fact that social reproduction, notwithstanding its 'anarchistic', i.e. blind form, satisfies social need. In fact, the satisfaction of social demand is the *necessary logical process* by which the circular motion of production and reproduction in the two different departments of production (Department I as the production of means of production and Department II as the production of means of consumption) are guaranteed:

> In all societies, the continuation of annual reproduction depends on the distribution of both labour power and the means of production in the two departments (of social production), in accordance with the degree of social demand. This presents nothing but the implementation of the norms (*gensoku*) existing as a matter-of-fact in the rational process of economic life, and equally pertaining to all societies that assume the commodity form. A capitalist commodity-economy realises this norm through the law of value, which is regulated by and asserts itself in the movement of price. Capital, in other words, provides every sector of production with labour power and means of production in order to, with the given labour time necessary for the production of individual products, satisfy social demand.[98]

For Uno, the accumulation of value and the satisfaction of social demand do not form a contradiction.[99] However, Uno's view of social reproduction, understood as a transhistorical law, cannot explain the specificities it has in a particularly capitalist society, namely the irreconcilable confrontation of capital and labour and the specifically *social form* that labour assumes in capitalism – namely, as the various *value forms*. On the basis of this confrontation, reproduction is only possible if exploited, materialised labour in money terms is over and over again thrown back into the circulation process, so that the appropriation of this kind of labour can be repeatedly performed without an equivalent. For Uno, to the contrary, exploitation, or rather, the 'augmentation' of value, is a necessary condition to safely guarantee general social reproduction. A *problem*

97 Uno 1980, p. 55.

98 Uno 1964, p. 116.

99 For 'balanced growth' theories, see the mostly neo-Ricardian theorisations of Sraffa's technology matrices (see Sraffa 1960), Leontief's input-output tables (Leontief 1986) and the assumptions in neoclassical growth theory, as in Lange 1969, Morishima 1973, Howard and King 1985, Gehrke and Kurz 1995. For a critique on the neo-Ricardian interpretations of Marx's reproductions schemas assuming 'physical quantities of inputs and outputs for the various sectors in the economy', see Moseley 1998a, p. 159.

as to capital's need of accumulation-through-exploitation of human labour is anathema in Uno's presentation of the reproduction schemas. Marx's specific incentive to present the reproduction schemas only in Chapter 20 and 21 of *Capital* Volume II is also absent from Uno's considerations. Marx's presentation follows the close criticism of Adam Smith's negligence to discuss the reproduction of constant capital in his theory of the three sources of revenue.[100] To be sure, in pure theory, the Critique of Political Economy is eclipsed from view. But precisely by declaring it 'outside' of the presentation of pure capitalism's 'laws', Uno fails to see what specifically motivated Marx to conceptualise his central theorems, such as the reproduction schemas. He thereby misses the *critical* intervention Marx provided and instead substitutes it for a social equilibrium-model in which production necessarily satisfies demand, regulated by the law of value. Yet, nothing could be further from Marx's own intervention. Methodologically, Uno's conceptualisation of social reproduction becomes even more ominous when he discusses it in close proximity to Marx's, using the same figures as him to illustrate his example. To explain, we shall therefore take a closer view at Uno's (mis-)appropriation of Marx's reproduction schemas. Mainly, Uno's contention that accumulation must be subsumed under the theory of social reproduction to demonstrate the law of value as a law of social equilibrium will be critically evaluated. In direct connection, this evaluation will be complemented by a critical analysis of the role of use value in reproduction. Lastly, this chapter concludes by showing how Ricardo has already conceived of the reproduction of labour power merely in terms of use value – thereby attempting to highlight yet another convergence of Uno's thought with non-Marxian political economy, as has previously been indicated with the comparison to Bailey's functionalist understanding of value.

100 Fred Moseley has persuasively argued that Marx's presentation of the reproduction schemas was basically motivated by his critique of Adam Smith's view that 'the price of the total social product is entirely resolved into revenue, that is, into wages plus profit and rent', thereby forgetting the recovery of constant capital (means of production) as money capital in annual reproduction. See Moseley 1998a, p. 160. The context in which the schemas appear is Marx's critique of the Trinity Formula discussed in the previous chapter (Chapter 19 of Volume II of *Capital*) that centrally informs Marx's critique of fetishism. While this motive escapes Uno's view, it can at least be said that Uno, unlike the theorists of 'physical inputs and outputs' that Moseley targets in this essay, conceives of the inputs and outputs in *monetary* terms, using the same figures as Marx. As a matter of fact, however, Uno still misconceives of Marx's schemas as presenting a theory of general equilibrium.

4.2.1 *Uno's Appropriation of Marx's Reproduction Schemas: The Compatibility of Accumulation with 'Social Equilibrium'*

Because Uno insists that '[t]he law of value becomes an economic law because it has the power to realise a general economic norm on a society-wide scale',[101] he can also argue that '[e]ach individual capital satisfies part of the social need while merely aiming at the augmentation of value guided as it is by the motion of prices'.[102] Here, Uno's view as to the compatibility of the law of value, directed at the exploitation of surplus labour, with an equilibrium of supply and demand becomes clear. He goes on to provide, in accordance with Marx's schema of Simple and Extended Reproduction in Chapter 20 and 21 of Volume II, schematic examples of reproduction to show that a) for the case of simple reproduction, 'the sum of the variable-capital component (and) of the surplus-value component of the outputs of the first sector should be equal to the constant capital component of the output of the second sector', so that I (v+s) = IIc, while b), for expanded reproduction, I (v+s) > IIc.[103] Here, in the case of extended reproduction, where the surplus product of both departments is not entirely consumed by the capitalists, but accumulated for the next cycle of production, he again gives nearly the same figures as Marx.[104] What is decisive is that these schemas are entirely in terms of money circulation, and that particular sums of money are on the one hand required to circulate the capital of c+v, and another sum is required to circulate s.[105] To argue for a), Uno uses the same figures as Marx.[106] Accordingly, Uno supposes the following value composition of c (constant capital component), v (variable capital component) and s (surplus value component), at an exploitation rate of 100%: Department of Production I (Means of Production): I. 6000 = 4000 c + 1000 v+ 1000 s, Department of Production II (Means of Consumption): II. 3000 = 2000 c + 500 v + 500 s.

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101 Uno 1980, p. 69, footnote 12.

102 Uno 1980, p. 55.

103 Uno 1980, p. 56. It must be noted that Marx's schemas operate at the level of labour *values*, not *price*. This important distinction for the level of presentation is eclipsed in Uno's presentation.

104 Marx 1978, p. 581ff.

105 For a detailed summary of the rule of I (v+m) = II c to guarantee simple reproduction, see Marx 1978, pp. 473–4. Moseley strongly argues this point: 'Marx's analysis … has nothing essential to do with the physical quantities of inputs and outputs, but instead has to do with the advance, recovery and reproduction of different components of money capital throughout the capitalist economy through the purchase and sale of commodities'. Moseley 1998, p. 160.

106 Uno 1980, p. Marx 1978, p. 473.

If, by the condition of simple reproduction that capital in the next production cycle must only be able to produce with the same capital value as before, the surplus value components are entirely consumed by the capitalists of both departments, then the value 2000 (= 1000 v + 1000 s) of both I and II must be consumed by those workers and capitalists in the form of consumption commodities of II. In consequence, the capitalist of II has substituted the value of his (II's) constant capital through the consumption of the capitalists and workers of I. Hence, production can start anew with the same value composition of capital: for I: 4000 c + 1000 v; for II: 2000 c + 500 v. Therefore, the formula for simple reproduction must be I (v + s) = II c. At the same time, the money value of the v in department I is substituted with the money value the capitalists of II spend on means of production. Uno disregards this latter point and with it the fact that the money value advanced by the capitalists of both sectors to circulate their value product flows back to them.[107] If however we assume *expanded* reproduction in which the surplus is not entirely consumed by the capitalists, we get the following value composition as the initial schema for extended reproduction in b):

I. 6000 = 4000 c + 1000 v + 1000 s,
II. 2250 = 1500 c + 375 v + 375 v,

the sum being 8250, less than the 9000 in schema a) of simple reproduction.

Uno's figures here only slightly deviate from Marx's.[108] In his presentation of extended reproduction, Marx has deliberately chosen a smaller sum than in the initial schema to show that 'reproduction on an expanded scale … has nothing to do with the absolute size of the product, that for a given volume of commodities it simply assumes a different arrangement of a different determination of the function of the various elements of the given product … It is not the *quantity*, but the *qualitative* character of the given elements of simple reproduction that is changed, and this change is the material precondition for the ensuing reproduction on an expanded scale'.[109] Accordingly, if extended reproduction requires a greater value product of v + s in department I than that of c in department II, then the formula for extended reproduction must be I (v +s) > II c. To prove this, Uno gives the following argument: first, for extended reproduction to take place, the capitalists of I do not spend all of I s on products

107 See Marx 1978, p. 477.
108 In Marx, the v and s of II are 376, respectively, so that the total value product = 8252. See Marx 1978, p. 581.
109 Marx 1978, p. 582.

of consumption, but withdraw a part of it from the surplus. For example, they keep or accumulate half of it (= 500 s) for the next production cycle with the value composition of 4:1. With the relation of 4:1 transferred to the newly added capital of 500 from the surplus of I, in this department 400 c are added to the original 4000 c, and 100 v are added to the original 1000 v. In this case, as in the schema of simple reproduction, since I (1000 v + 500 s + 100 (s)v) = II 1600, department II must transform not only 1500, but 1600 into its c. If the same capital composition 4:1 is to be maintained in department II as well, then its c must increase by 100, and the v component must increase by 25, so that the accumulation required from surplus value in this sector will be 125 s. To summarise:

I. 4000 c + 400 (s)c + *1000 v + 100 (s)v + 500 s*,
1500 c + 100 (s)c + 375 v + 25 (s)v + 250 s.[110]

Accordingly, the composition of productive capital in the two departments newly consists in:

I. 4400 c + 1100 v,
II. 1600 c + 400 v,[111]

and the value composition of the new productive capital is:

I. 4400 c + 1100 v + 1100 s = 6600
II. 1600 c + 400 v + 400 s = 2400

In this case, the scale of a newly commencing production cycle is extended, compared to the first cycle, even though the value sum of productive capital of both departments is the same as with simple reproduction (= 9000). In the present cycle therefore, half of the surplus product being accumulated, the capital value is already reimbursed, so that the resulting production, all other conditions being equal, can start anew with a capital of 9000 (I. 4400C + 1100 v + 1100 s = 6600 and II. 1600 c + 400 v + 400 s = 2400; 6600 + 2400 = 9000). For extended reproduction to take place, therefore, the condition must be satisfied that the value product of the first sector I (v + s) is greater than the constant capital of the second sector or department, so that I (v +s) > II c. With the above

110 Uno 1980, p. 56. The figures in italics indicate that these are exchanged, according to I (v+m) = II c.

111 Uno 1980, p. 57. Uno uses the same figures as Marx.

schema, and on the condition that real accumulation now proceeds on this basis, and produces with the accumulated capital, in the following year we get:

I. 6600 = 4400 + *1100 v* + *550 s* + 440 (s)c + *110* (*s*)*v*
II. 2400 = *1600 c* + 400 v + 200 s + *160* (*s*)*c* + 40 (s)v,

so that the composition of capital becomes, for I. 4840 c + 1210 v, for II. 1760 c + 440 v, in which case the resulting total value of this production cycle will be 9900, in the following composition:

I. 4840 c + 1210 v + 1210 s = 7260
II. 1760 c + 440 v + 440 s = 9900.

And this is as true as far as the maths goes – for both Uno and Marx. For Uno though, the expanded reproduction schemas show a perfect, if hypothetical, balance of the inter- and intrasectoral exchanges, so that the schemas 'aim at nothing more than to show that capitalist society too satisfies, albeit in the particularly commodity-economic form, the fundamental condition of simple and expanded reproduction which all societies must satisfy'.[112] Under unchanging conditions therefore, this balance invites the hypothesis that the law of value regulates, and indeed, guarantees a stable equilibrium of supply (expressed in the act of sale of one part of the value product) and demand (expressed in the act of purchase in one part of the value product), or as C-M-C'-M'-C"-M", etc. Indeed, the equilibrium of supply and demand is nothing short of the 'basic requirement for a commodity economy'.[113] For Uno, extended reproduction only requires an 'incremental production of the means of production'[114] as a precondition. In contrast to Marx, therefore, Uno believes that the circulation of a surplus product is not *based* on the extraction of surplus labour – or rather, only insofar as capital must *satisfy* the *needs* of the consuming workers by their own product, namely as use value. While it is not the case that Uno disregards exploitation – though he rarely makes use of the term – he clearly sees a *structural compatibility* of the extraction of surplus labour with the commodity-economic general laws of aggregate social reproduction, in order to guarantee social equilibrium:

112 Uno 1980, p. 58.
113 Uno 1963, p. 76, quoted in Ebitsuka 1982.
114 Uno 1980, p. 57.

> The consumption of labour-power is labour itself which produces a new value-product v + s in excess of v. In a capitalist commodity-economy, however, even this human relation involving labour-power conforms to the peculiar rules of that economy by the 'commoditisation' and reification of labour-power; it is this conformity that endows the aggregate reproduction-process of a capitalist society with its characteristically commodity-economic regularity.[115]

What we find here is an interpretation of the reproduction schemas that sets them within the idea of the pre-established harmony also conceived in Smith's 'invisible hand': while individual capitals seek to maximise their profits, they do so only for the benefit of the social reproduction of all. Or, in Uno's words:

> Each individual capital satisfies part of the social need while merely aiming at the augmentation of value guided as it is by the motion of prices.[116]

And:

> … capital possesses the faculty of allocating itself to the various spheres of production so as to supply all the products that society demands.[117]

Again, this view of the reproduction schemas sets them within the idea of pre-established harmony in which precisely those use values are supplied that are needed for consumption while those values are reproduced that are again needed for reproduction. This can only be guaranteed by the governance of the law of value, understood as Say's Law, according to which 'a product is no sooner created than it, from that instant, affords a market for other products to the full extent of its own value'.[118] In this sense, production 'supplies' its own demand in equal quantities, and demand 'provides' production with its incentive. Consequently, for Uno (as for Say), 'no general over-production of commodities is theoretically possible'.[119] In general, rather, the activities of 'individual capitalists' and 'individual labourers' are 'merely compelled by the law of value which, asserting itself in the motion of prices, regulates the individual pursuit

115 Uno 1980, p. 61.
116 Uno 1980, p. 55.
117 Uno 1980, p. 76.
118 Say 1834 [1803], p. 138.
119 Uno 1980, p. 121.

of private interests'.[120] Uno strangely seems to believe that individual labourers kill two birds with one stone: while they produce the material basis for reproduction – that is, for profit – they pursue their 'private interests' in the simultaneous production of their own means of subsistence. Indeed, to explain capitalism as a self-sustaining system with this strange amalgamation of classical (Smith's invisible hand, Ricardo's focus on the reproduction of labour power in terms of use value) and neoclassical (marginalist) assumptions, in combination with Leibnizian metaphysics, is to obscure precisely the *social form* that labour takes in its direct confrontation to capital – which Marx's reproduction schemas demonstrate. The view of social reproduction consisting in equilibrium has already been pertinently rejected by Paul Mattick. In the capitalist economy, according to Mattick, 'supply and demand never balance'.[121] However, the *semblance* of equilibrium is given in bourgeois economic theory's view of 'maximisation of private interest': '… market relations assure to each and all the equivalent of their particular contributions to the production process, and that is precisely the maximization of private interest which leads to the optimum of social well-being'.[122] As we have seen, Uno implicitly shares this axiom with bourgeois economists. However, as Marx notes, this would only work if 'private interests were not already *socially-determined private interests*, whose realization depended on social conditions and on the means provided by these conditions, as well as on their reproduction requirements'.[123] That is, not the 'regulatory power' of supply and demand indicates the regulatory operation of the law of value, but the conditions and limits of production 'regulate' general social supply and demand (which is not tantamount to 'equilibrium'). Mattick:

> … market relations are essentially derivative, circumscribed as they are by the capacities and limitations of the production process. Because it is impossible in practice to separate the production process from the circulation process, the effects of the increasing productivity of labor upon the basic production relations as value relations appear only in the modified form of price and profit relations determined by the competitive supply and demand mechanism. But the fact that market relations can only be price relations in no way alters the primary fact that the supply

120 Uno 1980, p. 59.

121 Mattick 1969, p. 51.

122 Mattick 1969, pp. 51–2.

123 Marx 1953 [1857–8], p. 74. Emphasis added and quoted in Mattick 1969, p. 52, who also provides his own translation. See Marx 1973, p. 156.

> and demand relations are circumscribed by social production relations and the character of social production as the accumulation of capital.[124]

The semblance of equilibrium in terms of supply (in Uno's terms: what 'society' produces) and demand (in Uno's terms: the means of subsistence for the reproduction of labour power) is a *consequence* of its social constituents in terms of the relation between capital and labour: because only when 'market demand is one that will assure the realization of surplus-value by way of capital expansion',[125] can we rightfully speak of demand.[126] There is indeed nothing natural about it, as the ahistorical and unspecific notion of 'supply and demand' suggests. Accordingly, crisis occurs, not because the law of value 'breaks down' in regulating supply and demand, but precisely because supply and 'demand' *depend* on the rate of accumulation, i.e. conditions inherent in production, as the independent variable. The breakdown of equilibrium is one of valorisation's most eminent features. However, there are restrictions to the perfect equilibrium that the law of value regulates, even for Uno: '… if a commodity is over-produced, a fall in its price compels a contraction of the scale of its production; if a commodity is underproduced, a rise in its price induces an expansion of the scale of its production. Hence the labour-time required for the production of each commodity cannot diverge very far from that which is socially normal'.[127] What is 'socially normal' however is tautologically defined by the law of value: general social reproduction expressed in an equilibrium of inputs and outputs for Uno obeys the law of value while the equilibrium, simultaneously, 'demonstrates' the law. With this circular assumption, Uno's thesis of an equilibrium theory of value is completed: 'In other words, the law of value must apply to the whole of society in enforcing the general economic norm of reproduction. The relation between the two sectors expresses an "equilibrium" of the law of value in this sense'.[128] This view is wrong in two aspects: first, as previously stated, it ignores the impetus of capitalist (re-)production whose goal is not the satisfaction of needs by use values, but the accumulation of surplus value (profit). This also delegitimises Uno's appeal to equilibrium, since

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124 Mattick 1969, p. 53.

125 Mattick 1969, p. 56.

126 Mattick however forgets to mention the bogus concept of 'supply and demand' in terms of its *naturalisation*. It is never *demand* that assures the realisation of surplus-value, but *moneyed* demand.

127 Uno 1980, p. 59.

128 Ibid.

> [the] very necessity of evening-up presupposes the imbalance, the disharmony and hence the contradiction … if it is the tendency of capital to distribute itself in the correct proportions, it is just as much its necessary tendency to drive beyond the correct proportion because it strives boundlessly for surplus labour, surplus productivity, surplus consumption, etc.[129]

Second, Uno's use value-based view of social reproduction leads to a circular view of the concept of value, according to whose 'law' supply and demand regulate the market value in the last instance, while the law of value depends on its expression in a market value directly regulated by the dynamics of supply and demand. The first view permeates Uno's theory of value as a whole, while the second is a specific symptom of Uno's developed value theory that oscillates between explaining an *objective law* that governs exchange relations, or a merely *regulative* force, ultimately *suspended* in the notion of market values explaining price fluctuations of commodities as the products of capital in the market:

> … the social regulation of the activity of individual capitals by means of the conversion of values into production-prices results in a definitive quantitative relationship between the means of production and materials for consumption such as is exhibited in the schemes, *and confirms the law of value by ensuring the feasibility of social reproduction*.[130]

> The determination of values presupposes the adjustment of supply according to social demand, and the mechanism of this adjustment actually develops only when commodities are supplied as products of capital … Only after the establishment of the notion of *market value as the centre of gravity* of the market price of a commodity in general, can this notion be applied to the case in which the commodity is a product of capital.[131]

Both aspects, however, are part of a wider symptomatic problem in Uno's version of the pure theory of capitalism: they both ignore Marx's crucial aspect, namely that the distribution of the aggregate surplus over the two departments, and hence, the 'perfect balance' of reproduction, is defrayed by the exploitation of labour power so that the repository of surplus value 'does not cost anything

129 Marx 1986 [1857–61], p. 340.
130 Uno 1980, p. 93, footnote 6. Emphasis added.
131 Uno 1980, p. 93, footnote 7. Emphasis added.

to its appropriators'.[132] The law of value is therefore *not* a theory of equilibrium, quite to the contrary: it shows that reproduction *under the conditions of capitalist production*[133] necessarily implies the creation of a surplus via exploitation, a surplus that 'costs the capitalist class nothing'.[134] Therefore, for Marx, the question is *not*: how does the aggregate annual reproduction process, the inputs and outputs between the two departments, continuously reconstitutes a balance? The question at stake for Marx rather is: 'How is it possible for each capitalist to withdraw a surplus-product from the annual product in money, i.e. to withdraw more money from the circulation sphere than he cast into it'[135] – and all of that 'without an equivalent'?[136] In order to answer this question – probably the most crucial question in the context of the basic theory of capitalist circulation at all – Marx organises his analysis in the following way: first, he considers the exchange between the two departments I (v + s) against II c, second he analyses the exchange within department II ('Necessary Means of Subsistence and Luxury Items'), and third, he considers the mediation of the exchanges by monetary circulation. The still unresolved reproduction of the constant capital of Department I is discussed in the next section, the reproduction of variable capital and surplus value in the successive one, and in the last chapter, where the exchange of constant capital in both departments is discussed.

As to how simple reproduction already guarantees that the capitalist withdraws more money from circulation than he initially cast into it, the section on 'The Mediation of Exchanges by Monetary Circulation'[137] is especially informative. To these, Marx applies the schema I. 6000 = 4000 c + 1000 v + 1000 s and II. 3000 = 2000 c + 500 v + 500 s. In the following, Marx shows how all the single constituents of value are replaced and a surplus value is still obtained from this process, whether in commodities or in money. To give an example, Marx assumes the capitalist of Department I as a case in point:

132 Marx 1978, p. 572.

133 As shown in Chapter 2 of this volume, Uno treats the law of value as a transhistorical law, and capitalism just as an instance of it.

134 Marx 1978, p. 550. Notice the emphasis Marx puts on this fact in Marx 1978, pp. 550–1. See also Clarke: 'It is not simply [the distinctive feature] that the motive of the capitalist is to produce values in order to appropriate a profit. The decisive point is that of the means by which the capitalist is *able to* appropriate a profit'. Clarke 1994, p. 281. Emphasis added.

135 Marx 1978, p. 549.

136 Marx 1978, p. 550. 'It is important … to realise, contrary to a long interpretative tradition, that in Marx the schemes of reproduction have nothing to do with a picture of a "balanced economic growth"'. Bellofiore 2018, p. 382.

137 Marx 1978, pp. 487–97.

> As far as the department I capitalists are concerned, with respect to the component v+s of their commodity product they withdraw more money from the circulation sphere than they cast into it. Firstly, their £1,000 of variable capital returns to them; secondly, they sell means of production for £500 [(Department II buys means of production from department I for £500, i.e. commodities worth £500)], and this enables them to convert half their surplus-value into cash; then they again sell a further £500 of means of production ([Department II uses £500 to buy means of production from department I; i.e. commodities worth £500]), the second half of their surplus value, and as a result their entire surplus-value has been withdrawn from circulation in the money form. We have therefore, in succession, (1) variable capital transformed back into money, £1,000; (2) half of the surplus-value realized, £500; the other half of the surplus value, £500; a total realized of £1,000v + £1,000s = £2,000. Even if department I cast only £1,000 into circulation (we leave aside here the circumstances that mediate the reproduction of I c, which will be considered later)[138] it has withdrawn twice the amount. Of course, the s that has been realized (transformed into money) immediately vanishes again into someone else's hands (department II), because money is exchanged for means of consumption. The capitalists of department I have withdrawn only as much in money as they cast in commodities. The fact that this value is surplus-value, and costs the capitalists nothing, in no way alters the value of the commodities themselves; it is therefore completely immaterial, as far as the exchange of values in commodity circulation is concerned.[139]

What we notably find here is the phenomenon that '*it is the money that department I itself cast into circulation that realizes its own surplus value*'.[140] It is not difficult to see how the apparent exchange of equivalents is compatible with the more essential nexus of exploitation, so that the exploitation and appropriation of surplus labour becomes the *basis* on which general social reproduction can take place in a capitalist economy. Uno is disinterested in this historically specific feature of capitalist reproduction, instead declaring reproduction 'the basic economic norm that is common to all societies'. More eminently, for Marx, it is the question of appearance vs. essence that guides his critique as a critique of fetishism. Uno's research question not only differs in this regard

138 See Marx 1978, pp. 498–501.
139 Marx 1978, pp. 493–4.
140 Marx 1978, p. 495.

from that of Marx, but falls behind its critical impetus. But it is precisely the 'fallacy of everyday notions' – more concretely, how the general social reproduction process, based on the extraction of surplus value, can appear as a process of equivalent exchange, that interests Marx. Uno's research programme, disregarding the nexus between the essence of the capital relation and its necessary forms of appearance, is explicit in his presentation of 'The Absolute Foundation of the Law of Value' in the reproduction schemes that in Uno's view enacts the 'automatic power of self-regulation'.[141] How important indeed *for Marx* the contrast between the appearance and the essence of these schemes is, is not addressed only in Marx's critique of Smith's and Tooke's reproduction theories. Let us consider the following, more general point discussed towards the end of the chapter on Simple Reproduction:

> … if the capitalist class casts a certain sum of money into circulation in the shape of revenue, it appears as if it paid an equivalent for this part of the total annual product, and that this has thereby ceased to represent surplus value. But the surplus product in which the surplus-value is represented costs the capitalist class nothing. As a class, it possesses it and enjoys it free of charge, and the monetary circulation cannot alter this in any way. The change that this brings about simply consists in the fact that each capitalist, instead of consuming his own surplus product in kind, for which in most cases it would not be suitable, withdraws commodities of all kinds from the total stock to the amount of the surplus value that he appropriated, and appropriates these … If the capitalist not only withdraws surplus value from the commodity market in the form of commodities for his consumption fund, but at the same time the money with which he buys these commodities flows back to him, he has evidently withdrawn the commodities without an equivalent. They cost him nothing, even though he pays for them with money.[142]

It is the dialectic of the last sentence – that the surplus with which the capitalist obtains more money 'cost(s) him nothing, even though he pays for (it) with money' – and its far-reaching consequences that are eclipsed from Uno's view of a theory of a purely capitalist society.

This also resonates with Brentel's trenchant critique of the 'proportionality'-view of Proudhonism entering into Uno's conception. In Proudhon, as Bren-

141 Uno 1980, p. 69.
142 Marx 1978, p. 550.

tel points out, the 'harmonist semblance of circulation becomes the ground/reason (*Grund*) for value constitution. Labour values, which are already constituted (in the process of production) are legitimised by the fiction of harmonious exchange'.[143] He comments:

> In fact, what happens is the exact opposite: what, for Marx, is revealed by the analysis of the capitalist relations of production is that the Proudhonist 'constitution' of value objectivity in reality does not refer to any kind of *proportional* relation of exchange. Quite the opposite: only the constantly *disproportional* relations of production and consumption, the disproportional distribution of total social labour across the different productive sectors and their equilibrating movement by the competition of capitals [demonstrate how] the fluctuating relations between supply and demand constitute an objective, viz. objectifying labour value as the average determination of the movements of price. The law of value is real only insofar as it is a *law of disproportionality*, not of proportionality.[144]

In the following, we will focus on the 'automatic power of self-regulation' (Uno) of capitalist production – a form of its proportionality – that Uno sees guaranteed precisely by the limitations set upon value production by the *use value aspect of commodities* – and how he takes Marx as a buttress for this view.

4.2.2 *Use Value as 'Passive Constraint' to Equilibrium*

In an important explanatory note[145] to support his thesis of the inter-sectoral equilibrium being regulated by the law of value, Uno admits to a 'passive constraint' in the power of the law of value 'to realise a general economic norm on a society-wide scale'.[146] This constraint is represented by use value:

> … it would be completely incorrect to assert that the reproduction of a capitalist society follows the numerical relation of the schemes exactly or that the schemes can possibly represent an unbalanced development of the relation of reproduction in a capitalist society. Such misapprehensions would deny the automatic power of self-regulation inherent in a capitalist commodity-economy, and would neglect the fundamental rationale that makes the theoretical treatment of capitalism possible

143 Brentel 1989, p. 221.
144 Brentel 1989, p. 221.
145 Uno 1980, pp. 68–9. Note 12.
146 Uno 1980, p. 69.

> (sic). The wrong interpretations and the misuses of the reproduction schemes based upon such misapprehensions are still prevalent among many Marxist economists. It appears that they misunderstand the nature of the law of value: its peculiar form of application to a capitalist economy, and the restriction imposed on the working of the law *by the use-value aspect of the commodities*.[147]

We are yet again confronted with Uno's fundamental (mis-)understanding of the value relation, namely that capitalist production, viewed as a whole, produces for, and according to, 'consumer needs' or *use value*. His reasoning is based on the immediate translation of forms of appearance – that workers in general reproduce themselves as consumers – into a conceptual scheme, that of use value, which is hypostasised as a structural impediment to capital's full self-realisation. To quote the Uno School follower John Bell, 'there was always some use-value and human resistance that capital's impersonal market could not overcome simply by applying its "dull composition" on capitalists and workers alike'.[148] In our context, Uno takes Marx's considerations of the proportions between necessary and surplus labour and its 'subjective' and 'objective' conditions in agricultural reproduction as buttress to confirm his view. In *Capital* Volume III, in his discussion of ground-rent being 'surplus-value, the product of surplus-labour', Marx says the following (quoted by Uno):

> But, if the use-value of individual commodities depends on whether they satisfy a particular need, then the use-value of the mass of the social

147 Uno 1980, p. 69. Italics in the original.

148 Along with Sekine, John R. Bell is arguably the most outspoken supporter of the idea of 'use value resistance' (Bell 2009, p. 9). Sekine uses this theorem to explain the impossibility of real historical capitalism to operate 'purely', i.e. as the capitalist class 'would have it' (Sekine 2001, pp. 37–9). According to Bell, in theorising capitalism, 'we must fully contrive an "idealized use-value space" in theory, wherein capital can perform its own abstractions without being impeded by external contingencies (such as intractable collective human, use-value or natural resistance) which would be sufficiently powerful that capital could not overcome them by its autonomous and impersonal operation'. Bell 2009, p. 8. The idealisation of an ideal use value space which obstructs the pure workings or 'self-realisation' of capital is problematic in its own ideological implications which will be discussed in Chapter 5.3. It is difficult to see how this 'infringement' of pure capitalism by use value resistance pares with the equally important premise of capitalist economy as a 'self-defining', 'self-regulating' and 'self-expanding' system. Even if it only applies to 'pure capitalism', one would have to define the methodological means by which we can differentiate the one from the other (which the Uno School abstains from doing). 'Method copying', as suggested by Sekine, is begging the question.

> product depends on whether it satisfies the quantitatively definite social need for each particular kind of product in an adequate manner, and whether the labour is therefore proportionately distributed among the different spheres in keeping with these social needs, which are quantitatively circumscribed … The social need, that is, the use-value on a social scale, *appears* here as a determining factor for the amount of total social labour-time which is expended in various specific spheres of production. But it is merely the same law which is already applied in the case of single commodities, namely, that the use-value of a commodity is the basis of its exchange-value and thus of its value. This point has a bearing upon the relationship between necessary and surplus labour only in so far as a violation of this proportion makes it impossible to realise the value of the commodity and thus the surplus-value contained in it.[149]

This quote deals especially with the proportion of necessary and surplus labour as condition for the realisation of value: that the direct producers must not only perform surplus labour, i.e. more time than is required to reproduce their labour power – which Marx calls a 'subjective condition' of the existence of surplus-value and profit – but must also fulfil its 'objective condition', namely that 'they also *can* perform surplus labour: that natural conditions are such that a *part* of their available labour-time is sufficient to produce and maintain them as producers; that the production of their necessary means of subsistence does not consume their entire labour-time'.[150] Other restrictions to this 'natural condition' would e.g. be the natural fertility of the cultivated land (though chemical manipulation has already in Marx's times undermined such 'natural restriction'). Seen this way, it is self-evident that capital can only guarantee its reproduction if the 'objective condition' is fulfilled. However, Uno hyperbolically comments:

> The limitation which Marx mentions here due to the use-value of commodities imposes, however, a passive constraint upon the unfolding of the law of value. This limitation does not, as the marginal utility theory might assert, actively form any value. Yet a simple-minded approach to the labour theory of value has often neglected the significance of this passive constraint on the law of value, and over-emphasised the active determination of commodity values by the socially necessary input of

149 Uno 1980, p. 69. Sekine quotes from Marx 1965, pp. 635–6. The corresponding passage in Marx 1981, p. 774. Emphasis added.

150 Marx 1981, p. 773.

> labour-time alone. Such a one-sided view tends to obstruct a full understanding of the law of value, the peculiarity of which is that it enforces itself only through the motion of prices.[151]

What Uno presents as a use value-based 'constraint' to capitalist self-valorisation is nothing short of a truism: in order to survive, the workers must be able to also work for themselves, and not entirely for the capitalist. If they didn't, there would hardly *exist* an expenditure of human living labour at all. It is in this context that Marx discusses the relevance of use value. The relevance of use value however in no way infringes the fact that with their wage, the producers buy a part of the total social value product *represented in terms of value, not in terms of use value*. In his emphasis on labour reproduction, Uno disregards this point. The reproduction of labour-power 'in the private lives' of the workers (eating, drinking, dressing, occupying a habitat and reproductive labour) can only take place on the condition of the *monetary form* of the means of reproduction, wage as a form of *value*.[152] This is all the more strange since Uno has emphasised that social reproduction requires circulation of inputs and outputs in *monetary* terms, and that the total social surplus results from the exchanges of the products of unpaid labour among the capitalists of the two departments. Therefore, the reproduction of labour power is first and foremost mediated in terms of *value*, according to which general social reproduction is mediated under capitalist conditions. We will return to this in more detail in discussing Uno's 'Ricardian assumptions' in the next section. For now, let us return to Uno's quote above. In the given quote, Marx argues that '[t]he social need, i.e. its use value on the social scale, here *appears* decisive for the quota of total social labour-time that falls to the share of the various particular spheres of production'.[153] As in every other instance where Marx uses the verb 'to appear' or its grammatical correlates, one should be alert. It describes a factual appearance which is often promptly refuted by the succeeding sentence: '*But* this is simply the same law that is already exhibited by the individual commodity … it is a point that bears on the relation between necessary and surplus labour *only in as much as* an imbalance in this proportion means that

151 Uno 1980, p. 69.

152 We have already pointed to Ricardo's failure to articulate the reproduction of labour in terms of the *monetary* expression of the value of labour power, and its sole articulation in terms of use value – see his presentation in the section 'On Wages', in which the essential part of the labourer's necessities are expressed in 'corn wages'. Ricardo 1969 [1817], pp. 58–9.

153 Marx 1981, p. 774. Emphasis added.

the commodity value, and therefore also the surplus-value contained in it, cannot be realized'.[154] In other words: if a part of the working day was *not* spent on the reproduction of labour-power, the value of the commodity could not be realised – private reproduction forms the *precondition* for the realisation of surplus value. Clearly, the realisation of the commodity value is decisive. The realisation of the total value of the commodities however implies that a part of this value is produced to furnish workers' consumption. But before it enters the sphere of private consumption, it exists as *value* – as being a value product on the *market*. But this neither serves to undermine the law of value, nor presents a 'modification' of Marx's labour theory of value. In other words, it is difficult to see how the 'use-value aspect of the commodities' limits or 'restricts' the workings of the law. When Marx says: 'Only such-and-such a quantity of this is required in order to satisfy the social need',[155] this is a truism in no way impeding the fact that, first and foremost, the means of consumption enter the market in the form of *commodities*. However, Uno quotes Marx to support his view that use value restricts (or broadens) social demand, and therefore also the law of value *itself*: 'Only such-and-such a quantity of this is required in order to satisfy the social need. The limit *in this case* emerges through the use-value. Under the given conditions of production, society can spend only so much of its total labour-time on one particular kind of product'.[156] This is quite obvious, and relates to Marx's previous discussion of the eminent role of agricultural production which 'must be sufficient to produce the necessary foodstuffs for the entire society, i.e. also for the non-agricultural workers'.[157] Uno's understanding however is led astray, blinded by his insistence on the relevance of use value: the use value aspect of the commodity – which is here understood as supply and demand regulating capitalist production in the last instance – does not only *not* infringe the law of value, it lacks any *bearing* on it: if supply does not meet social demand, as e.g. in the case of the overproduction of cotton goods, and the sales price necessarily falls, then obviously too much labour-time (necessary and surplus) had been spent on its production. But this can only be measured *quantitatively, i.e. in terms of value*. Accordingly, if the sales price falls below the value of a commodity, production in the next cycle will have to take a new form, e.g. lead to the lowering of wages, so that the commodity value can be readjusted. In short, if supply fails to meet demand, the

154 Marx 1981, p. 774. Emphasis added.
155 Marx 1981, pp. 774–5.
156 Marx 1981, p. 775. Emphasis added. Sekine quotes from Marx 1965, pp. 635–6.
157 Marx 1981, p. 773.

market price will change and most probably fall. In other words, the 'use value aspect' of the commodity has absolutely no bearing on the working on the law of value, which is always and exclusively determined by quantitative proportions (as e.g. reflected in the new value composition of productive capital). This is why Marx, rather laconically, remarks that '[this] *quantitative* barrier to the quotas of social labour-time devoted to the various particular spheres of production is simply a *further developed expression of the law of value in general*; even though necessary labour-time takes on a new meaning here'.[158] The demand aspect of the market economy, therefore, does not impose 'a passive constraint on the law of value'.[159] But Uno insists that 'a simple-minded approach to the labour theory of value has often neglected the significance of this passive constraint … and over-emphasised the active determination of commodity values by the socially necessary input of labour-time alone'.[160] This view is the result of a confusion of the quantitative expressions of the law of value (in prices, e.g.) with the law of value itself, i.e. the fact that the value of commodities is quantitatively determined by the average socially necessary labour time required for their production.[161] To be sure, towards the end of the presentation of the simple reproduction schemas and the transition to expanded reproduction, in order to confirm the consistency of his own analysis, Marx emphasises that accumulation does not take place at the *expense* of consumption – simply because, more generally, capital does *not produce for demand* to begin with:

> … we simply note that it was presupposed in our presentation of simple reproduction that the entire surplus-value in departments I and II was spent as revenue. In point of fact, however, one portion of surplus-value is spent as revenue, and another portion transformed into capital. Only with

158 Marx 1981, p. 774.

159 Uno 1980, p. 69.

160 Uno 1980, p. 69.

161 There are obvious similarities of Uno's view with Paul Sweezy's interpretation of the law of value as a 'theory of general equilibrium'. Sweezy: 'What Marx called the "law of value" summarizes those forces at work in a commodity-producing society which regulate a) the exchange ratios among commodities, b) the quantity of each produced, and c) the allocation of the labor force to the various branches of production'. Sweezy 1942, pp. 52–3. The law of value, as in Uno, is 'essentially a theory of general equilibrium'. Sweezy 1942, p. 53. Notwithstanding the strange assertion of a 'law' as a 'theory', Sweezy, again like Uno, emphasises the 'self-regulation' or, in Uno's term, the 'self-sustenance' (*sore jishin ni sonritsu suru mono*) of the capitalist market: '… in a commodity-producing society, in spite of the absence of centralized and coordinated decision-making, there is order and not simply chaos'. Sweezy 1942, p. 53. For a critique of Sweezy, see Postone 1993, pp. 44–6.

> this precondition does real accumulation take place. But the idea that accumulation is achieved at the expense of consumption – considered in this general way – is an illusion that contradicts the essence of capitalist production, in as much as it assumes that the purpose and driving motive of this is consumption, and not the grabbing of surplus-value and its capitalization, i.e. accumulation.[162]

In a theory of value that relinquishes its fetish-characteristic appearances – be it production for use value or equivalent exchange – Marx's intervention is bound to go unnoticed.

In an admittedly polemical intervention against the equilibirium model of the Uno School more broadly, and Sekine in particular,[163] Michael Lebowitz argues that:

> … of course there is no place for class struggle in this Stepford edition of *Capital* … Everything has already been determined by supply and demand in a perfectly competitive model. Simply assume a natural rate of population growth and a desired rate of accumulation out of the surplus, and the atomised workers who compete against each other (but do not combine) receive as wages what is necessary to keep everyone more or less happy and the system running. Nothing in 'this liberal utopia, in which the existing resources are optimally allocated for the production of all use values' and where workers 'enjoy a historically feasible standard of living in a state close to full employment' would make a neoclassical economist uneasy – as long as the term 'positive non-wage income' were to be substituted for 'exploitation.'[164]

4.2.3 *Ricardian Assumptions*

As we have seen before, the reproduction of labour-power as the *sine qua non* of capitalist reproduction and accumulation, is regarded by Uno *solely in terms of use value*. In this aspect, he shares a basic assumption with Ricardo and his school (e.g. Ramsay), which can be even traced back to Smith's conceptualisation of capital. Let us take a look at Marx's discussion of the 'misunderstandings

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162 Marx 1978, 579.

163 We will return to our discussion of the Uno School and in particular Sekine's equilibrium model in Chapter 5.2.

164 Lebowitz 2005, pp. 321–2. Lebowitz quotes from Sekine's 'Dialectic of Capital'. Sekine 1986, p. 98.

on Ricardo's part'[165] with regard to the reproduction of labour-power in an early conception of the part on the 'Theories of Surplus Value' in the *Grundrisse* and briefly also in the *1861–63 Economic Manuscripts* in which Ricardo's repetition of Smith's error is more obvious.[166] From here we shall see how Uno relies on the same presuppositions as Ricardo – while Uno's view even more fatally misrepresents Marx's critical emphasis of the creation of value as the basis of surplus value. According to Marx, Ricardo still adhered to Smith's notion on the general character of capital, namely that capital is 'command over alien labour', instead of comprehending the nature of capital's exploitative character, not 'in the sense that … it gives its possessor *buying power*, but that it is the power to appropriate alien labour *without exchange*, *without equivalent*, but with the semblance of exchange'.[167] Therefore Ricardo's understanding of the determination of value by labour with regard to wages ('revenue from labour') is limited to the view that a particular quantity of labour can set 'sometimes more and sometimes less living labour into motion'. Here, we find no determination of the materialised labour that can set living labour 'in motion' in *value terms*, but merely in terms of *direct use value*:

> … [Ricardo] regards the product of labour in respect of the worker only as *use value* – only as the part of the product which he needs to be able to live as a worker. But how it comes about that the worker suddenly only represents *use value* in exchange, or only draws use value from the exchange, is by no means clear to him … But why is it, then, that the share of the worker in the value of the product is determined not by the value, but rather by the use value of the product, thus not by the labour time employed in it, but by its quality of maintaining living labour capacity?[168]

How close indeed Uno's understanding of the 'value of labour' in terms of *use value* is to Ricardo's assumptions shall be illustrated by this passage from the *1861–3 Economic Manuscripts*:

> The VALUE or LABOUR is therefore determined by the means of subsistence which, in a given society, are traditionally necessary for the maintenance and reproduction of the labourers. But why? By what law is the

165 Marx 1973, p. 551.
166 The subdivision 'Theories of Surplus Value' has been added to the *Grundrisse* in the 'Analytical Contents List'.
167 Marx 1973, p. 551.
168 Marx 1973, pp. 551–2.

> VALUE OF LABOUR determined in this way? Ricardo has in fact no answer, other than that the law OF SUPPLY AND DEMAND reduced the average price of labour to the means of subsistence that are necessary (physically or socially necessary in a given society) for the maintenance of the labourer. He determines value here, in one of the basic propositions of the whole system, by demand and supply – as Say notes with malicious pleasure.[169]

Here, '*in one of the basic propositions of the whole system*', Ricardo suddenly deviates from the determination of the 'value of labour' as the (relative) quantity of labour time contained in it. He exempts the determination of wages from the law of value to delegate it to the law of supply and demand (causing much of the schadenfreude of his contemporary Jean-Baptiste Say).[170] This is compounded by the fact that he repeats Smith's original error with regard to use value being represented in different exchange values:

> Adam Smith errs when he concludes from the fact that a definite quantity of labour is EXCHANGEABLE for a definite quantity of use value, that this definite quantity of labour is the measure of value and that it always has the same value, whereas the same quantity of use value can represent very different exchange values. But Ricardo errs twice over; firstly because he does not understand the problem which causes Adam

169 Marx 1989b, p. 36. Marx refers to the following passages: 'Labour, like all other things which are purchased and sold, and which may be increased or diminished [in quantity] has its natural and its market price. The natural price of labour is that price which is necessary to enable the labourers, one with another, to subsist and perpetuate their race, without either increase or diminution. The power of the labourer to support himself, and the family which may be necessary to keep up the number of labourers, does *not depend on the quantity of money which he may receive for wages*, but on the quantity of food, necessaries, and conveniences required for the support of the labourer and his family. With a rise in the price of food and necessaries, the natural price of labour will rise; with the fall in their price, the natural price of labour will fall'. Ricardo 1969 [1817], p. 52. 'It is not to be understood that the natural price of labour, estimated even in food and necessaries, is absolutely fixed and constant. It varies at different times in the same country, and very materially differs in different countries. It essentially depends on the habits and customs of the people'. Ricardo 1969 [1817], p. 54.

170 The supply-and-demand interpretation of capitalist reproduction is by necessity conceived of in terms of use value, such that consumer demand structures the production of value. Accordingly, Uno remarks that '[the] theory of market value emphasises the impossibility of neglecting the effect of use-value in the determination of the value of the commodity, although the part played by the demand side in this determination must always be considered passive'. Uno 1980, p. 93, footnote 9.

> Smith's errors; secondly because disregarding the law of value of commodities and taking refuge in the LAW OF SUPPLY AND DEMAND, he himself determines the value of labour, not by the quantity of labour BESTOWED UPON T H E FORCE OF LABOUR, BUT UPON T H E WAGES ALLOTTED T O T H E LABOURER. Thus IN FACT he says: The value of labour is determined by the value of the money which is paid for it! And what determines this? What determines the amount of money that is paid for it? The quantity of use value that a given amount of labour commands or the quantity of labour that a definite quantity of use value commands. And thereby he falls literally into the very inconsistency which he himself condemned in Smith.[171]

In the relation of the product of labour in respect to the worker, the value expression is extinguished and substituted for use value. But this is begging the question, for when the value of labour is determined by the 'necessaries' for workers' consumption, it would be equally necessary to determine the value of the necessaries. In this sense, Brentel remarks:

> The determination of wages, a quantity determined by price, by the price of the necessaries is categorially tautological. The concept of 'natural price' in a certain sense is used as a bulwark against this predicament, by attempting to explain the value of labour by a non-value category, i.e. a certain amount of use values necessary for the maintenance of the labourer. With this reference to a certain quantity of use values necessary for the reproduction of the labour capacity however, the problem of the value determination of the labour power commodity is by no means solved, but merely transferred to the value determination of the necessaries. Ricardo however does not relate the value of the necessaries to the socially necessary labour time contained in them, but to [the argumentative level of] relative prices. In this case however, again [as in Smith], the 'value of labour' is determined by the quantity of commodities which it can buy or command.[172]

In other words, the theory of the reproduction of labour power in terms of use value is socially undetermined and hence altogether unspecific to capitalist relations of production.[173] Ricardo's predicament also holds for Uno:

171 Marx 1989b. p. 39.

172 Brentel 1989, p. 77.

173 This model of reproduction is also adopted recently by 'feminist' social reproduction the-

the relation of labour-power to capital is comprehended as being structurally mediated by *use value* 'in the private life of the workers themselves',[174] in the 'individual consumption of wage-earners'.[175] Therefore, the labour-power commodity is the only commodity which 'capital by itself cannot directly produce',[176] suspending the law of value in the cycle of private consumption. Hence, like Ricardo, Uno distinguishes the determination of the value of labour-power from the determination of 'commodity values in general'. In the same vein, he insists that the 'reproduction of labour-power forms the individual consumption-process of the workers parallel to, *but not integrated in*, the production-process of capital …'[177] Marx's critique targets Ricardo's *neglect to consistently apply* the labour theory of value to the category of wages. Because, if he had applied his value theory to what seems to be an exchange of equivalents between capital and labour, Ricardo would have realised that the exchange between capital and labour is essentially based on the *exchange of non-equivalents* – though, 'as a bourgeois', he could not have been clear about this process. Marx: 'Now, how one gets from value as equivalent determined by labour to the non-equivalent, i.e. which posits surplus-labour through exchange, i.e. how one gets from value to capital, from one aspect to its apparent opposite, this does not interest Ricardo'.[178] It was left to Marx to provide an explanation of the exchange between capital and labour as essentially an exchange of non-equivalents *appearing in the form of equivalent exchange*. The determination of the wage by the labour-time necessary to reproduce the labouring faculties of the labourer in terms of value, i.e. in strict accordance

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ories (see e.g. Gonzalez and Neton 2014, Bhattaracharya (ed.) 2017, Mezzadri 2019). In the theoretical framework of this approach, social reproduction is treated solely in terms of *use value*. It is thus altogether *unspecific* to capitalism whose defining characteristic is *monetary* mediation of social reproduction. See our critique of the framework of use-value-mediated reproduction in Chs. 2 and 5.3. See also Heinrich's critique, which rejects the contention that capital hinges on unpaid reproductive labour: '[With the increasing development of productive powers in the rise of capitalism], the "setting free" of women from household labour and their direct exploitation by capital, makes it possible for capital not only to appropriate a greater mass of surplus value, but a rising rate of surplus value: because the costs of reproduction for one family must be covered by two instead of one labour power, the value of individual labour power decreases'. Heinrich 1999, p. 262. Own translation. Already for Marx, the treatment of the wage form as 'an external and irrelevant formality in capitalist production' allows us to 'readily deduce what an F. Bastiat understands about the nature of capitalist production' (Marx 1976, p. 1006).

174 Uno 1980, p. 52.

175 Uno 1980, p. 51.

176 Uno 1980, p. 52.

177 Uno 1980, pp. 62–3.

178 Marx 1973, p. 560.

with the labour theory of value, was of 'decisive importance' to Marx. In the chapter on 'Wages', we therefore find one of his fiercest polemical remarks against the determination of wages as the 'value of labour' in conventional political economy:

> We may therefore understand the decisive importance of the transformation of the value or price of labour-power into the form of wages, or into the value and price of labour itself. All the notions of justice held by both the worker and the capitalist, all the mystification of the capitalist mode of production, all capitalism's illusions about freedom, all the apologetic tricks of vulgar economics, have as their basis the form of appearance discussed above, which makes the actual relation invisible, and indeed presents to the eye the precise opposite of that relation. World history has taken a long time to get to the bottom of the mystery of wages; but, despite this, nothing is easier to understand than the necessity, the *raison d'être*, to this form of appearance.[179]

However, whereas Ricardo, were he consistent, would have had to recognise the factual reality of the exploitation of surplus labour by capital in its confrontation with the living labour of the workers – capital as a 'definite social relationship'[180] – Uno is already well aware of this fact. But, again like Ricardo, 'this does not interest' him. Uno's pure theory dispels the problem of appearance and essence in the central category of 'value of labour', and with it, the problem of fetishism. Pure theory is therefore disinterested in enabling a *critique* of capitalism by bringing the complex of appearance (or capital's self-

179 Marx 1976, pp. 680–1.

180 Marx 1989, p. 37. Ricardo was altogether unaware of the concept of the production of *absolute* surplus value, and only had an (no less confused) understanding of the concept of *relative* surplus value. Hence, he 'does not comprehend capital as a *relation of domination* which coerces the workers to work beyond the point that would correspond to the reproduction of their wages'. Brentel 1989, p. 74. While Marx takes the varying length of the working day as the assumption to conceptualise the production of relative surplus value, Ricardo, who only considers the different distribution of the surplus product without its original production, assumes the working day as fixed. 'For him it is a fact, that the value of the product > the value of the WAGES. HOW this fact arises, remains unclear. The total working day is greater than that part of the working day which is required for the production of the WAGES. Why? That does not emerge. The magnitude of the total working day is therefore wrongly assumed to be fixed, and directly entails wrong conclusions. The increase or decrease in surplus value can therefore be explained only from the growing or diminishing productivity of social labour which produces the NECESSARIES. That is to say, only relative surplus value is understood'. Marx 1989, pp. 41–2.

representation) and essence (the way capital really operates) to the fore. It merely reiterates its mode of 'operation' in a positivistic form, addressing capital's *appearance* alone. The 'law of value' thus degenerates into a theory of general social reproduction in which the conversion of value into production prices (i.e. the allocation of labour to the different spheres of production to result in a general rate of profit) 'confirms the law of value by ensuring the feasibility of social reproduction'.[181] For Uno, the reproduction of labour power, solely based on use value, can only be viewed from the level of real circulation in which commodities are sold and purchased as *products of capital*. While in Uno's discussion of general social reproduction in the abstract, wages are expressed in monetary (value) terms, in considering the real movement of capitalist production where production and market price fluctuations take place, *use value determines value* by imposing a 'passive constraint' upon the law of value in the reproduction of labour power. In the real process therefore, active demand (and supply) determine the law of value in the last instance. Use value, expressed in demand-and-supply relations, triumphs over value:

> In *Capital*, vol. III, part ii, chapter 10, Marx tries to develop a theory of market value. His explanation, however, remains unsatisfactory because he does not articulate the significance of price fluctuations in the market in adjusting demand and supply. This point, I believe, is of some methodological importance. Marx's general neglect of the demand-and-supply analysis impairs his theory of value-forms at the outset of *Capital* already, placing the rest of his economic doctrine on rather precarious ground.[182]

He therefore shares another of Ricardo's strategical moves, namely 'taking refuge in the law of supply and demand'.[183] Here is why Uno introduces the 'passive constraint' of use value – the fact that capital 'cannot directly produce' the labour power faculty of the workers – into his study of pure capitalism to begin with. Precisely by being located in the sphere of the use values of commodities, the law of value can finally be proven: namely by the governance of society's total annual reproductive powers, guaranteeing an equilibrium of supply and demand. The law of value, so to speak, takes a detour through the mode of individual consumption expressed in use value in order to finally prove the 'automatic power of self-regulation' of capitalist social production. This is the bearing the reproduction of labour power 'in the private lives' of

181 Uno 1980, p. 93, footnote 6.
182 Uno 1980, p. 93, footnote 8.
183 Marx 1989, p. 39.

the workers has on establishing the 'law'. Hence, Uno remarks that '[t]he theory of market value emphasises the impossibility of neglecting the effect of use-value in the determination of the value of the commodity, although the part played by the demand side in this determination must always be considered passive'.[184] In other words, 'because of the inherent incompleteness that inevitably-recurrently emerges whenever capital's logic attempts to display itself as a perfect circle, this logic *should not* work, yet it works perfectly well in capitalist society'.[185]

Neither Ricardo nor Uno take theoretical account of the fact that it is the transformation of a law of exchange into a law of *appropriation*, the appropriation of surplus *without an equivalent*, that characterises capitalist production as a whole. In both conceptualisations, the character of capital that constantly confronts and contradicts living labour as a material force is neglected. But while in Ricardo, this misrecognition is explained by the disconcertedness to clarify the exchange of non-equivalents on the basis of equivalent commodity exchange (because of the 'bourgeois' impediments of his own enterprise), Uno is well *aware* of Marx's own solution to the riddle. Still, the strategic importance of the Marxian insight is disavowed in Uno's conceptualisation of general capitalist reproduction, and the law of accumulation declared compatible with the law of general equilibrium. This result necessitates a brief examination of Uno's basic marginalist assumptions.

4.2.4 *Marginalist Assumptions*

Let us recall Uno's conceptualisation of use value, putting a restraint or 'limitation' to the operations of the law of value when applied to actually existing market relations. i.e. market values and market prices:

> This limitation does not, as the marginal utility theory might assert, actively form any value. Yet a simple-minded approach to the labour theory of value has often neglected the significance of this passive constraint on the law of value, and over-emphasised the active determination of commodity values by the socially necessary input of labour-time alone. Such a one-sided view tends to obstruct a full understanding of the law of value, the peculiarity of which is that it enforces itself only through the motion of prices.[186]

184 Uno 1980, p. 93, footnote 9.
185 Walker 2016, p. 170. For a discussion of Walker's intervention, see Chapter 5.3.
186 Uno 1980, p. 69.

As we could see from the above discussion, Uno attempts to reconcile the use value-based demand and supply determination of prices with the law of value that 'rests on the workers-versus-capitalists relation in the production-process of capital; for without this relation the law of value cannot operate on a social and global basis'.[187] In other words, by systematically diverging from market values 'is a commodity-economy enabled objectively and efficiently to allocate the social labour to all the branches of industry as social need requires'.[188] Market value guarantees the equilibrium between supply and demand, so that supply can naturally adjust to demand. The market value of the commodity, as will be explained in the next chapter, *suspends* the law of value in the sense that it adjusts to the commodities produced in the branch of production in which the average conditions of production prevail. Yet, if the real process of adjustment between demand and supply via market values systematically diverges from the real value of a commodity, i.e. the form constantly digresses from its content, then how can we say that the 'law of value' enforces itself upon capitalist production 'as if it were a natural law'?[189]

Indeed, in order to prove the 'general norm of economic life common to all societies', as which Uno, at odds with Marx, understands the law of value, Uno *subsumes* the theory of value to an understanding in which marginalist assumptions dominate. We have demonstrated this in Chapter 3. Here, Uno's rejection of the 'Third Thing', abstract human labour as the objective basis for the value form of money, i.e., Uno's rejection of an *objective* theory of value, is eminent. As seen before, in simple exchange, Uno draws on the economic rationality of the commodity owners and their 'want' (*yokubō*) of the use value of the commodity in the equivalent form to explain the generation of money as a means to facilitate exchange on a general social scale. Only now, however, at the level of the discussion of *total* social reproduction, can we see how intrinsically this fundamentally marginalist view of society also informs Uno's theory of general social distribution.

The 'marginalist revolution' primarily consisted in shifting the problematic in classical political economy – namely the question of the rational *distribution* of social wealth, as reflected in the 'Trinity Formula' – to the question of how the rationality of the capitalist system can be established on the basis of allocative efficiency. Consequently, marginalism restricted economics to a field of technology, purified classical political economy of the 'political', and discarded all

187 Uno 1980, p. 84.

188 Uno 1980, pp. 84–5.

189 Uno 1980, p. 84. This question, giving rise to the 'transformation problem', will be discussed in the next chapter.

assumptions of the specifically social, historical and particularly *class* character of the capitalist mode of production. By its primary claim to present a '*rigorous* theory of price determination',[190] in which the scientific character of its theory would prove itself, untouched by 'imperfect conditions' in the real world, marginalism even endeavoured to radically separate the realm of economics from the study of society or 'sociology'. Needless to say, this claim does not imply that the marginalist view of price, of resources, of technical innovation and its hypothesis of 'perfect competition' is free from implicit assumptions about society, and especially about its individuals. The most immediate expression of marginalism's understanding of the individual is expressed in the *rationality of exchange*, which becomes the foundation for the basic theory of price in marginalist economics. In marginalism, the view of economics as a science is based on the presuppositions of a radical methodological individualism in which the agents of exchange act according to the optimisation of their own position expressed in the maximisation of utility, which in this framework is tantamount to the principle of rationality. While being different in the detailed elaborations of their respective works, the main thinkers of the marginalist school, William Stanley Jevons (1835–82) in England, Léon Walras (1834–1910) in Switzerland (Lausanne), and Carl Menger in Vienna (1840–1921)[191] – independently of one another, but almost simultaneously – developed the theory that prices emerge on the basis of individual exchanges between owners of goods. Insofar, they reject the views of Ricardo and Smith that an 'independent measure of value' must exist on whose basis a theory of price can be established. As the classical economists insist, a *utility theory of price* would involve the paradox that the 'highest prices are paid for the most worthless goods, such as diamonds, while the most useful goods, such as air, are free.'[192] The marginalist school tries to solve this paradox by saying that the price does not correspond to the 'total utility' of the good, but to the utility of the last unit of the good that was acquired. If an individual is in possession of a great quantity of

190 Clarke 1991, p. 143.

191 Other important marginalists include Alfred Marshall (1842–1924), Johann G.K. Wicksell (1851–1926), Friedrich von Wieser (1851–1926), and Philip Henry Wicksteed (1844–1927), who also has written a critical review of *Capital* (see Wicksteed 1884). Their main works included Marshall's *Principles of Economics* (1890), Wicksell's *Interest and Prices* (1898), Wieser's *Der natürliche Werth* (1889) (the English translation, *Natural Value*, appeared in 1893), and Wicksteed's *Common Sense of Political Economy including a Study of the Human Basis of Economic Law* (1910). We are following Clarke's and Heinrich's careful presentation of the main contentions of marginalist theory. See Clarke 1991 and Heinrich 1999.

192 Clarke 1991, p. 147.

a particular good, then the 'utility of the marginal good tended to diminish'.[193] The price level and the value of goods therefore depend on the condition of *scarcity*, so that the value rises in proportion to its increasing scarcity: the price of diamonds is high not because of the relatively high amount of labour input, but because the *marginal utility*[194] is high as a consequence of the diamonds' scarcity. However, scarcity is not an 'objective' qualifier for the exchange relation: in the marginalist view, *all goods* are subject to relative scarcity in the face of total demand, in smaller or greater intensity. For the individual, then, the rational optimisation of its position in exchange is the main incentive for exchange. In exchange, the goal for the individual consists in increasing the sum of utilities at his/her disposal, so that individual behaviour is necessarily directed at increasing the sum total of his or her *use values*. From this point of view, a situation in direct barter, value is subject to individual evaluation: the 'individual will choose to exchange goods until the relative marginal utilities of the goods possessed at the end of the transaction correspond to the exchange relations in which they stand'.[195] In marginalism therefore, it is assumed that in the process of exchange the individuals compensate for the 'loss of utility' in the alienated good with the 'gain of utility' in the good received. The individuals only accept kinds of exchange pairs in which they have a prospect of gain or, at the least, no prospect of loss. This is only the case if the marginal utility of the quantity of alienated goods is smaller or equal to the marginal utility of the goods received. Exchange, finally, only takes place for precisely those goods in which, for all the agents of exchange, the marginal utility of the quantities of goods is the same.[196] Characteristically however, marginalism applies this view to a more general conception of economic input and output: it is at the root of its understanding of economy that 'its essential results can be extended from the case of the isolated individual making subjective private decisions … to the case of an exchange economy considered as a whole'.[197] Therefore, the process of price determination on the market with many more agents of exchange results from the aggregation of the functions of supply and demand based on individual utility estimations. If 'individual demand and

193 Clarke 1991, p. 147.

194 The term of 'marginal utility' (*Grenznutzen*) was originally coined by Wieser (Wieser 1884), but converges with Jevons's term 'final degree of utility', Menger's 'Value of the least important partial quantity', as well as Walras's 'rareté'. See Heinrich 1999, p. 66 footnote 10. For a detailed discussion of the theories of the three founding fathers of marginalism, see Lehmann 1977 and Blaug 1985.

195 Clarke 1991, p. 147.

196 See Heinrich 1999, p. 67.

197 Clarke 1991, p. 151.

supply functions are aggregated, total demand and supply functions can be specified. It can be shown that under appropriate assumptions … the interaction of demand and supply will give rise to a unique set of stable equilibrium prices that clear all markets by equalising supply and demand. These prices are those that correspond to the free and rational choices of all the individual members of society seeking to achieve their own optimal solution in conditions of scarcity'.[198] This view is further supplemented by the emphasis on the unique role of households in a national economy and private consumption. In the national circulation of goods, households supply the services of productive factors to firms and purchase from firms the goods that are produced with those productive services. Not production, but consumption stands at the heart of economic circulation. Economic rationality however requires the existence of a free market 'as a means by which individual evaluations of utility can be related to one another, and the freedom and security of property as the basis of free exchange … The marginalist analysis therefore also purports to establish the social rationality of a society based on competitive exchange by establishing that the prices reached, and the consequent allocation of resources, are in some sense optimal'.[199] This converges with Uno's view discussed above that market values always guarantee a stable equilibrium between supply and consumer demand in accordance with the 'law of value' as the commodity-economic form of the 'behavioural norms of economic life shared by … all human societies'.[200] In particular, a closer look at the basic approach of Carl Menger's theory in relation to Uno's seems to be rewarding, though, for reasons of space, the following will only allow us to discuss a few fundamental traits in Menger's approach that suggests its compatibility or similarity with Uno's views on the methodology of economic science. Like Uno, Menger in his main work *Principles of Economics* (*Die Grundsätze der Volkswirtschaft*, 1871) proposes a 'pure economic theory' as a methodological template for economic science in which the real processes of economic activity are suspended. That means that rather than viewing the actual economy as object, the object of that theory is theory itself. It takes 'idealised basic assumptions' as the template to review whether they conform or contradict mathematically sound operations.[201] For Menger, as for other marginalists, pure theory is able to prove its superiority over other economic theories in the determination of *prices*. However, the object of pure

198 Clarke 1991, p. 148.

199 Clarke 1991, p. 150.

200 Uno 1980, p. 20.

201 For a critique of the micro-foundational economic assumptions of marginalism, and especially the circular character of its model building, see Kade 1962 and Ritsert 1988.

theory is not concerned with the determination of *real* prices, but with 'their determination in an ideal world of perfect knowledge, perfect foresight, perfect competition and pure rationality'.[202] Similarly to Uno, pure theory abstracts from the real world as a methodological strategy, so that 'it is against this ideal world that the real world, and proposed reforms in the real world, are to be measured'.[203] In the narrower sense, the theory of *value* which he formulated in exact contradistinction to Marx's, was central to Menger's intervention.[204] Menger saw in the marginalist approach a fundamental explanation of the precise mechanism by which money and price – 'organically created' social institutions[205] – 'emerge from the pursuit of individual self-interest and come to express the collective wisdom of society'.[206] Menger therefore, like Uno, and unlike Marx, insisted on the need to relate social institutions such as money and exchange back to their 'origins in individual action in order to establish their foundations in the natural and spontaneously evolved needs and aspirations of individuals'.[207] Pure theory for Menger depends on the extent to which general economic processes of exchange can be derived from individual 'utility maximising' behaviour.[208] Especially the founding concept of value is here understood as a *neutral*, and hence, natural and aboriginal *relation* between the individual and the object/good/commodity of his/her want, *expressed in a subjective judgment*, and therefore nothing that has *objective* existence – an assuption laying bare its Baileyan roots. For Menger, value is hence defined as

> nothing inherent in goods, no property of them, nor an independent thing existing by itself. It is a judgment economizing men make about the importance of the goods at their disposal for the maintenance of their lives and well-being. Hence value does not exist outside the consciousness of men. It is, therefore, also quite erroneous to call a good that has

202 Clarke 1991, p. 145. See also Shaikh 2016, pp. 340–46.

203 Clarke 1991, p. 145.

204 It is precisely the 'refutation' of Marxism that motivates Menger's publisher, the Ludwig van Mises-Institute, to write about *The Principles of Economics*: 'It was this book that kicked-off the Marginalist Revolution, which corrected theoretical errors of the old classical school. These errors concerned value theory, and they had sown enough confusion to make the dangerous ideology of Marxism seem more plausible than it really was'. https://mises.org/library/principles-economics (last consulted September 30th, 2019).

205 Menger 1963, p. 177.

206 Clarke 1991, p. 146.

207 Clarke 1991, p. 152.

208 For Uno, this is expressed in the task of the pure theory of political economy to study 'a historical process made up of the purposive activities of men (*ningen no kōdō ni yoru rekishiteki katei wo kagakuteki ni kaimei shiyō to suru mono*)'. Uno 1980, p. xxiii.

> value to economizing individuals a 'value', or for economists to speak of 'values' as of independent real things, and to objectify value in this way. For the entities that exist objectively are always only particular things or quantities of things, and their value is something fundamentally different from the things themselves; it is a judgment made by economizing individuals about the importance their command of the things has for the maintenance of their lives and well-being. Objectification of the value of goods, which is entirely subjective in nature, has nevertheless contributed very greatly to confusion about the basic principles of our science.[209]

This view is entirely consistent with Uno's emphasis on the role of the commodity owner in the simple value expression, namely that the *judgment* of the want for the coat, i.e. the subjective and unilateral initiative of linen owner, makes the coat a value expression of the linen. Money, therefore, arises 'spontaneously' from the mediation of the interest of the different commodity owners in direct barter, as a result of the mediation of *different kinds of wants*. This is substantially the marginalist view of money.[210] Furthermore, especially Menger's view on value is profoundly informed by the methodological individualism of 'need' or 'want': 'Our previous explanation … demonstrates that man, with his needs and his command of the means to satisfy them, is himself the point at which human economic life both begins and ends'.[211] The inductive method of going back to the 'satisfaction of needs and desires' as the founding principle of economic science's categories also informs Uno's focus on use value to explain the productive and reproductive faculties of capitalism's 'self-sustenance'. As is clear from the previous, Uno does neither assume the general condition of scarcity, nor does he share the marginalist view of the 'factors of production' theory of the three sources of revenue.[212] However, at the most general level

209 Menger 1950, p. 120 1.

210 'The inconveniences of direct barter originally led some enterprising individual to attempt to achieve exchange through the mediation of a third good that was highly exchangeable. As others imitated the innovator that good came to take on the character of money. Thus money too had a rational origin as a technical instrument invented by individuals in order to perfect the process of utility-maximisation'. Clarke 1991, p. 153.

211 Menger 1950, p. 108.

212 According to marginalist theory, classical political economy was too occupied with labour-time or costs of production in resolving the annual national income (wages, rent and profit) which should instead be seen as accruing to factors of production labour, land and means of production. See Clarke 1991, p. 149. Seen this way, marginalism has only reformulated Smith's and Ricardo's problem, while being inflicted with the same vicious circle.

of marginalist theory, Uno shares the basic assumptions of 1. the constitutive role of exchange in determining value, 2. the importance of the evaluation of the individuals engaged in the process of exchange, based on subjective want and the rejection of a concept of objectively constituted value (i.e. socially necessary labour time), 3. money as 'purchasing power', 4. the reproduction of individual 'utility maximising' behaviour at the level of general social exchange (methodological individualism), from which follows, 4. that the aggregate functions of supply and demand give rise to equilibrium (market) prices directed at 'satisfying social demand' (Uno), 5. the shift from the producer and production (as in classical theories) to the consumer and consumption (households/the 'private consumption of workers'), and last but not least, 5. the ignorance of the specific property relations giving rise to the appearance of equivalent exchange while being essentially a law of appropriation of alien unpaid labour, in short: the ignorance of the socially and historically specific laws of capitalist appropriation, expressed in Uno's view of reproduction being 'common to all societies', including the specifically commodity-economic forms.[213] In the next chapter we will see how Uno's understanding of the transformation of values into prices of production (the 'Transformation Problem') further severs social production's ties to labour values. On the theoretical level, we will therefore witness how Uno further severs his ties to Marx's intervention – and with it, discards capitalist society as a *problem*.

4.3 Surplus Value and Profit: The 'Transformation Problem' in Uno's Perspective

As mentioned above, Uno's developed equilibrium theory of value contains a self-contradictory moment – his claim of the *indispensability* of the 'law of value' as the regulatory force of total social reproduction[214] and his simultaneous *substitution* of the law of value for an emphasis *on the principle of supply and demand* that he sees insufficiently developed in Marx.[215] To reconcile the contradiction, Uno adjusts the 'law' of value to his marginalist notion of price, so that in the last instance, the reproduction of labour power in terms of use

213 Uno 1980, p. 84. For a good overview of the circular motives of the 'theory of general equilibrium', see Heinrich 1999, pp. 68–78.

214 Though even this claim is tautological, as shown above.

215 'Marx's general neglect of the demand-and-supply analysis impairs his theory of value-forms at the outset of *Capital* already, placing the rest of his economic doctrine on a rather precarious ground'. Uno 1980, p. 93.

value – the *muri* or '*nihil* of reason' of capital – regulates the total social value product by demand, so that the aggregate values do not determine prices, but prices, to the contrary, determine values. In his discussion of the equalisation of profit rates, Uno accordingly parts with his idea discussed above, namely that '[each individual capital] must obey the regulation of the law of value, the global consequence of which is to realise the norm of reproduction common to all societies' leading to the 'automatic power of self-regulation inherent in capitalist commodity economy', as presented in Uno's view of the reproduction schemes. In the equalisation of profit rates, it is no longer the law of value that 'governs' exchange, and therefore, the prices of production, but *vice versa*: 'The determination of values presupposes the adjustment of supply according to the social demand, and the mechanism of this adjustment actually develops only when commodities are supplied as the products of capital'.[216] The heuristic value of the 'law of value' for Uno's interpretation of a 'capitalist commodity-economy' in the total social reproduction process consequently becomes as dubious as Uno's appropriation of the concept of abstract labour for his theory of value and money: it is Uno's own interpretation that renders the concepts – both of 'abstract labour', as well as the 'law of value' – *redundant* as heuristically rich concepts with significant explanatory power. In an ultimate argumentative move, his interpretation of the 'transformation' of commodity values to prices of production severs the ties to the significance of socially necessary labour time once and for all. In the following, we will demonstrate the devastating consequences of this move for a coherent theorisation of the 'law of value' as a methodological and theoretical object. To do so, we find it useful to contrast Uno's view with Marx's incentive to thematise the inherent relationship between values and prices (of production, etc.) to point to a fundamental problem of *classical political economy*, especially Ricardo. The following presentation however merely serves to introduce the matter, in order to make sense of Uno's perspective. It will be shown that the problem of the value-price-transformation, in accordance with the pervasive method of Marx's critique in *Capital*, must be seen against the background of the *problem of fetishism*. Only an understanding that sees the transformation problem as a *qualitative* problem of the *fetish-characteristics* of the bourgeois relations of production can fully grasp the extent to which Marx's own theorisation surpasses the *quantitative* solutions to the problem Marx himself (and some of his successors) has offered – *even beyond Marx's own objective*. Though Marx, by his own fetishism-critical method, first and foremost opened up the terrain of potentially viewing

216 Uno 1980, p. 93.

the equalisation of profit rates this way, he fatally failed to recognise this *qualitative* dimension of the problem *posed by his own method of inquiry*. Instead, he chose to solve the problem *quantitatively*, underestimating the heuristic power of this own approach. This will form a part of the following discussion, though by no means can we, in the context of this volume, hope to exhaustively address the methodological and theoretical problems associated with this lacuna. The full analysis would have to be conducted in a theoretical forum or publication solely engaged with Marx's solution to the transformation problem. In this context, we can only hope to give hints at what we think are promising insights emphasising the *coherence* of the fetish-critical method throughout the categorial development of all three volumes of *Capital*.

It will therefore be necessary, first, to present the value-price relation and Marx's solution to it, as he himself saw it in the context of the Critique of Political Economy, namely as a critique of *Ricardo's* solution. However, the quantitative solution Marx offers in Chapters 9 and 10 of *Capital* Volume III, as a whole bulk of research literature since Eugen Böhm-Bawerk's first critique (1896) attempted to demonstrate, has proven to be veritably problematic, if not faulty. Therefore, when we speak of the 'transformation problem' in the context of economic theory today, we usually address a problem within *Marx's, and not Ricardo's*, theory. In this context, it will be necessary to address, if – for reasons of space – impossible to exhaustively comment on, Fred Moseley's 'macro-monetary' intervention that more 'radically' applies the quantitative solution to 'Marx's dilemma' offered by the so-called New Interpretation (NI) in the early 1980s. Both Moseley and the NI offer a valuable quantitative heuristic, the 'value of money' or, in a later dictum, the 'monetary expression of labour time' (MELT) to demonstrate the 'retainment' of 'the proportionality of profit and unpaid labor time in the face of any deviations of prices from labour values',[217] that is, the validity of the labour theory of value in the face of prices diverging from labour values. While we strongly agree with the offered solutions, we also believe that both Moseley and the proponents of the NI[218] offer an interpretation to a problem whose significance Marx himself was clearly *not* aware of. Our objective will therefore be to elucidate what conditions of the problem Marx was not aware of, and locate it in a lack of insight into the scope and explanatory power of his own method. Our investigation therefore differs from the 'macro-monetary' *quantitative* solution in stressing the *qual-*

217 Foley 1982, p. 37.

218 To which we will return in the context of non-equilibrium theory and Sekine's critique in Chapter 5.2.

itative significance of the transformation procedure for understanding the problem of fetishism. The succeeding discussion of Uno's view will point us to the basic misrecognition in the perception of the relation between value and price. By disregarding Marx's fetish-critical method, Uno wilfully ignores the wider problem-setting of the 'transformation', namely as being *coherently embedded* in the method of criticising the increasingly fetish-characteristic value form of *price*. In the concluding section, we will formulate an attempt to shift the view of the formation of a general profit rate and of prices of production away from the technical-mathematical field to the, as we believe, more fundamental epistemological problematisation of the cleft between our cognition of 'social processes' in their own presentation (*Darstellung*) and in their real, essential movement.

4.3.1 *Marx's 'Solution' to Ricardo's Transformation Problem*

Marx's attempt to explain the transformation of aggregate values to prices of production was motivated by (as Marx saw it) Ricardo's inability to explain prices on the basis of his own theory of value. For Marx, the contradiction in Ricardo regarding labour values and prices of production arose from the methodological conflation of surplus value and profit in Ricardo's notion of profit. Thus, for Marx, the 'contradiction' between the two must be solved by transforming it into an '*illusion* which arises from the development of the thing itself'.[219] In other words, as discussed above, because Ricardo was *inconsequential in applying his own theory of value* to the exchange between capital and labour, he could not develop a theory of surplus value, and hence, a theory of exploitation. Only *after* the concept of surplus value has been developed *purely* ('rein entwickelt') could the equalisation of profit rates and the theory of prices of production be demonstrated in order to investigate their relationship.[220]

219 Marx 1989a, p. 266. This is the concise way in which 'Hegel Helped Marx To Overturn Ricardo's Theory of Profit'. See Murray 2014.

220 As to how Ricardo's conflation of surplus value and profit informs the basis of Ricardo's inability to distinguish value from cost price, Marx comments: 'It has already been shown in some detail, that the laws of surplus value – or rather of the rate of surplus value – (assuming the working day as given) do not so directly and simply coincide with, nor are they applicable to, the laws of profit, as Ricardo supposes. It has been shown that he wrongly identifies surplus value with profit and that these are only identical in so far as the total capital consists of variable capital or is laid out directly in wages; and that therefore what Ricardo deals with under the name of 'profit' is in fact surplus value. Only in this case can the total product simply be resolved into wages and surplus value. Ricardo evidently shares Smith's view, that the total value of the annual product resolves itself into revenues. Hence also his confusion of value with cost price'. Marx 1989b, p. 60.

Ricardo however *presupposed* a general rate of profit throughout the *Principles* (1817), although the concept of wages is systematically developed only in Chapter 5 and that of profit in Chapter 6. Yet, he wasn't clear on *how* the concept of surplus value, profit and a general rate of profit – or, indeed, *cost price* – could emerge from his own concept of value at all. It was precisely this problem – how to get from the determination of value by relative labour quantities to prices which precisely do not reflect labour values – that constituted Ricardo's contradiction and the specifically *Ricardian transformation problem*. Marx comments:

> IN FACT the only thing which he proves … is that the prices of the commodities, in so far as they are determined by the general rate of profit, are entirely different from their values. And he arrives at this difference by postulating the rate of profit to be LAW. One can see that though Ricardo is accused of being too abstract, one would be justified in accusing him of the opposite: lack of the power of abstraction, inability, when dealing with the values of commodities, to forget profits, a FACT which confronts him as a result of competition.
>
> Because Ricardo, instead of deriving the difference between cost prices and values from the determination of value itself, admits that 'values' themselves (here it would have been appropriate to define the concept of 'ABSOLUTE' OR 'REAL VALUE' OR 'VALUE' as such) are determined by influences that are independent of labour time and that the law of value is sporadically invalidated by these influences, this was used by his opponents, such as Malthus, in order to attack his whole theory of values.[221]

Of course, for Marx, the relationship between values and prices was one of structural dependency: the empirical, apparent fact of the equalisation of rates of profit is directly based on the non-empirical, essentially constitutive nexus of value production. Marx was therefore determined to show that the former must and can be explained on the basis of the latter.

Ricardo's inconsequential application of the labour theory of value played a significant role for Marx's own motivation to quantitatively deduce the value form of price from the value they contain. First of all, Marx saw a transformation problem in *Ricardo* and tried to solve it by showing that the equalisation of profit rates and the formation of prices of production fundamentally rested on the *value quantities* produced in the different branches of production.[222]

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221 Marx 1989a, p. 416.

222 Here is not the place to discuss Ricardo's own version of the solution in detail. Suffice it

Here is where the stakes of his critique of Ricardo lay – namely in criticising Ricardo's inability to *conceptually differentiate* constant and variable capital, which forms the basis to understanding how production prices systematically diverging from labour values could emerge at all. Instead, Ricardo relies on the difference between the proportions of fixed and circulating capital invested, and hence, the difference between circulation and production time. Ricardo's modifications to his own 'embodied labour' theory of value can be found in Section IV of Chapter 1 of the *Principles*:

> It appears, then, that the division of capital into different proportions of fixed and circulating capital, employed in different trades, introduces a considerable modification to the rule, which is of universal application when labour is almost exclusively employed in production; namely, that commodities never vary in value unless a greater or less quantity of labour be bestowed on their production, it being shown in this section that, without any variation in the quantity of labour, the rise of its value merely will occasion a fall in the exchangeable value of those goods in the production of which fixed capital is employed; the larger the amount of fixed capital, the greater will be the fall.[223]

For Marx however, only the conceptual differentiation between *variable* capital as living and value-creating labour, and *constant* capital as dead labour – and not Ricardo's 'secondary' determination of value in the difference between proportions of *fixed* and *circulating* capital – can clarify how the 'modification' from values to production prices arises at all. Helmut Brentel summarises Marx's rejection of Ricardo's understanding of the problem in terms of fixed and circulating capital in the following way:

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to say that Ricardo tried to 'modify' his value theory by assuming that a *change in wages* influences the cost prices (not the values), and hence the rate of profit of the respective capitals, so that e.g. wage rises have a different effect on the rates of profit of commodities produced with different relations between direct and indirect labour. If the exchange relation between two commodities does *not* change after a rise in wages (in both lines of production), then both commodities are no longer produced with the same rate of profit, i.e. yield different cost prices. From this, Ricardo followed that the relative values of the commodities are subject to change even if the labour quantities do not change, namely in the case of different amounts of direct/indirect labour, or in the case of wage changes. See Marx 1989a, pp. 417–20. Also see Heinrich 1988.

223 Ricardo 1969 [1817], pp. 23–4.

> ... the relation between constant and variable capital was originally responsible for the production of sectorally *different surplus values*, which are *redistributed* with the emergence of a *general rate of profit*. By virtue of the addition of a uniform rate of profit onto the sum of the total capital advanced, they [the surplus values] are *differently realised than they are produced* [*werden sie anders realisiert als produziert*.] The differentiation between constant and variable capital shows the production and the distribution of *surplus value* and therefore clarifies the category of *profit*. Ricardo on the other hand was exclusively concerned with what has to be conceived as the subordinate 'different forms arising out of the process of the circulation of capital, that is, fixed and circulating capital, capital which is fixed to a greater or lesser degree (i.e., fixed capital of varying durability) and unequal velocity of circulation, or rates of turnover of capital'.[224]

Marx's incentive to find a solution to the transformation problem was motivated by demonstrating the fundamental dependency of prices of production on labour values. At the same time, it would hinge on this demonstration whether the labour theory of value had any validity with regard to the 'Process of Capitalist Production as a Whole', as presented in the manuscripts for Volume III of *Capital* – after all, the level of analysis in which capital's perfected self-mystification and fetishisation 'at the surface' would be revealed and rationally countered. Marx's allegedly 'failed' attempt to successfully demonstrate the equivalence of prices of production to labour values, i.e. Marx's failed transformation procedure, caused the fierce rejection of Marx's labour theory of value received in the history of its reception. This is, however, also what motivates us to defend, not the *quantitative* solution with regard to Marx's transformation procedure (which we believe Moseley has sufficiently shown), but the methodological *quality* of Marx's investigation into capital's mystification process, a quality that, as we will show, was not always appreciated by its own author.

To first explain the problems in Marx's solution, it is therefore useful to present Marx's answer to Ricardo's problem in more detail, which we will do in the following.

224 Brentel 1989, p. 93. The quote is from Volume II of the *Theories of Surplus Value* where Marx discusses Ricardo's theory of cost price. Marx 1989a, p. 401.

As mentioned above, in Volumes I and II, and also at the beginning of Volume III, of *Capital* – i.e. at the level of the essential conceptual and non-empirical analysis of the capitalist production and circulation process – Marx assumes that commodities are exchanged at their values, i.e. at 'prices' that directly correspond to the socially necessary labour time for their production ('value-prices'). In accordance with the method of the presentation, this was hypothetical. Only *after* developing the concept of profit and cost price in Chapters 1–3 of the manuscripts to Volume III – an *already fetishised, transformed* concept of surplus value and value – could he show that, at the surface of capitalist production under the condition of different branches of production and competition, real prices necessarily diverge from values. On the assumption that the rate of surplus value is the same for all individual branches, and the organic composition of capital (the rate between c and v) is different, the exchange of commodities over the different productive sectors would result in completely different profit rates. Evidently however, profit rates tend to equalise – trivially because capital 'seeks for as much surplus value as possible', so that, were it not the case, capital would collectively assemble in the sphere of production with the highest rate of profit. Competition therefore manages to *equalise* the rate of profit. Since the equalisation of profit rates in a national economy is an empirical fact, the prices that guarantee this equalisation must necessarily diverge from the values of the commodities. Marx calls these prices *production prices*: they are neither market prices (which are constantly subject to change), nor merely 'sales prices'. Prices of production, rather, denote a *new value form* in the course of the methodological presentation. They result from the competition between the sum of all branches of production to guarantee an average rate of profit to be gained from every individual capital in social production as a whole. In contrast, the market production price, or 'market value' in Marx's terminology, expresses competition *within* individual branches in one line of production. In other words, prices of production 'arise when the average of the different rates of profit is drawn from the different spheres of production, and this average is added to the cost prices of the different spheres of production …'[225] The price of production p, for Marx, consists of the cost price k (the costs of the productive capital for the capitalist) plus the average profit (a surcharge to the cost price in proportion to the capital employed), so that p = k + kp', or p = k (1+p').[226] On the basis of this formula, Marx attempts to prove

225 Marx 1981, p. 257.

226 Marx 1981, p. 265: 'The formula that the price of production of a commodity = $k + p$, cost price plus profit, can now be stated more exactly; since $p = kp'$ (where p' is the general rate

how the level of the average rate of profit and accordingly, the prices of production, can be established *on the basis of the value quantities* produced in all spheres of production. In the style of an axiom, i.e. without further deducing this claim, Marx hypothesises that the average rate of profit derived from the *system of production prices* is *identical* to the average rate of profit in each production sphere in *terms of value*. In other words, the average rate of profit must be identical with the ratio of surplus value to the complete social capital invested in the totality of social production ('value rate of profit'), during a particular time span. If we consider five different types of capital with different value compositions, then, in Marx's example, we arrive at the following schema:

Capitals[a]	**Rate of surplus value**	**Surplus value (s:v)**	**Rate of profit (s:c+v)**	**Used up c**	**Value of commodities (used up c+v+m)**	**Cost price (used up c+v)**	
I. 80c+20v	100%	20	20%	50	90	70	
II. 70c+30v	100%	30	30%	51	111	81	
III. 60c+40v	100%	40	40%	51	131	91	
IV. 85c+15v	100%	15	15%	40	70	55	
V. 95c+5v	100%	5	5%	10	20	15	
390c + 110v		110	110%				Total
78c + 22v		22	22%				Average

a See Marx 1981, p. 256. Heinrich formalises this schema as $r = \Sigma s_i/\Sigma (c_i + v_i)$, if s_i, c_i and v_i denote surplus value, constant and variable capital for the i-th sphere of production, and Σ the sum of all i, and r the average rate of profit. See Heinrich 1999, p. 269.

If we now treat the different single capitals I–V as a single total capital and distribute the surplus value of 22 or the rate of profit of 22% evenly among the capitals I–V, we would arrive at the following prices of production of the commodities:

of profit), the price of production = $k + kp'$. If $k = 300$ and $p' = 15\%$, the price of production $k + kp' = 300 + 300\ 15/100 = 345$.'

Capitals[a]	Surplus value	Value of commodities	Cost price of commodities	Price of commodities[b] (cost price + average rate of profit)	Rate of profit	Divergence of price from value
I. 80c+20v	20	90	70	92	22%	+ 2
II. 70c+30v	30	111	81	103	22%	- 8
III. 60c+40v	40	131	91	113	22%	- 18
IV. 85c+15v	15	70	55	77	22%	+ 7
V. 95c + 5v	5	20	15	37	22%	+ 17

a See Marx 1981, p. 256. Heinrich accordingly formalises this schema for the price of production of the i-th commodity (i.e. the product of the i-th sphere) as $p_i = (c_i + v_i)\,(1 + \Sigma\, s_i/\Sigma\,(c_i + v_i))$. See Heinrich 1999, p. 269.

b This should more correctly read as 'Prices of production of commodities'. However, at this point Marx has not yet introduced the concept of the price of production.

As we can see from the last column in the latter table, the divergence of price from value in the individual capitals, when considered as one single total capital, balances itself out. Therefore, a divergence of price from value, taken in production as a whole, *does not take place*:

> Taken together, commodities are sold at 2+7 + 17 = 26 above their value, and 8+18 = 26 below their value, so that the divergences of price from value indicated above cancel each other out when surplus-value is distributed evenly, i.e. through adding the average rate of profit of 22 on the capital advance of 100 to the respective cost prices of commodities I–V ... And it is only because they are sold at these prices that the rates of profit for capitals I–V are equal at 22 per cent, irrespective of their different organic compositions ...[227]

With this table and method of transformation, Marx thinks he has finally proven his initial claim, namely that the production price system must rest on the basis of the value system by necessity, keeping his theory of value intact. He has thus provided a solution to the value-price-transformation on the basis of his own labour theory of value, fulfilling the two axioms following from this claim, namely that I. the sum of profits must be equal to the sum of surplus value 'which this capital produces in a given period of circulation',[228] and II. 'the sum of prices of production for the commodities produced in society as a whole

227 Marx 1981, p. 257.

228 Marx 1981, p. 141.

… is equal to the sum of their values'.[229] Marx therefore believes he has shown that these particular rates of profit in each sphere of production are s/C and 'to be developed from the value of the commodity as shown in the first Part of this volume', in which he demonstrates the notion of profit as being a derived, a 'mystified' form of the real and fundamental relation between abstract labour and capital in the notion of surplus value.[230] The congruity between prices of production and values in the production of commodities in society as a whole is of decisive importance for Marx, since

> [i]n the absence of such a development, the general rate of profit (and hence also the production prices of the commodity) remains a meaningless and irrational conception. Thus the production price of a commodity equals its cost price plus the percentage profit added to it in accordance with the general rate of profit, its cost price plus the average profit.[231]

Two important consequences must be drawn from this: one is unproblematic and merely serves to specify Marx's understanding of surplus value production on the surface of totally developed, competitive capitalism: profit accrues to the individual capitals only *in proportion to the total social capital advanced*. The allocation of surplus value or profit in the perspective of total capital consequently rests on a *redistribution* of surplus value to the individual branches of production. In other words, as soon as competition is considered, even a favourable (low) organic composition of capital can only realise *a portion of the profit* it would realise under different conditions. Single capitalists therefore never realise the 'full' surplus value produced in their own branch of production, but only a fragment of the surplus product generated in social production as a whole, by the *whole* working class. This also means that the notion of 'individual value' is, strictly speaking, self-contradictory, even if Marx uses this

229 Marx 1981, p. 259.

230 'In surplus-value, the relationship between capital and labour is laid bare. In the relationship between capital and profit, i.e. between capital and surplus-value as it appears on the one hand as an excess over the cost price of the commodity realised in the circulation process and on the other hand as an excess determined more precisely by its relationship to total capital, *capital appears as a relationship to itself*, a relationship in which it is distinguished, as an original sum of value, from another new value that it posits. It appears to consciousness as if capital creates this new value in the course of its movement through the production and circulation processes. But how this happens is now mystified, and appears to derive from hidden qualities that are inherent in capital itself'. Marx 1981, p. 139. We will return to this quote below to analyse its importance for the fetishism-critical approach to the 'transformation problem'.

231 Marx 1981, p. 257.

term to differentiate it from the *market value* of a commodity (more on this in the next section).

The other consequence is of a more technical nature, and also more devastating for Marx's own quantitative solution to the value-price-transformation: while the first axiom is merely a hypothesis which is impossible to prove empirically (which must not mean it is wrong), the second axiom contains a logical flaw and is, therefore, untenable: it assumes that the capitalists can buy their productive capital and, likewise, the workers their means of subsumption, at their respective *values*. However, in fully developed capitalism in conditions of competition, this is impossible: productive capital as well as means of consumption are traded at definitive *prices*. Therefore, the standard reproach against Marx's calculation method is that he had allegedly 'forgotten' or 'failed to transform the inputs'[232] in his calculation of cost prices (see table 2, column 5). This is of course a problematic formulation, because the transformation of the inputs *already requires the existence of prices of production* on whose basis cost prices could afterwards be accounted for. In other words, the problem is not one of Marx's 'forgetfulness'. The standard reproach also misses that Marx was well *aware* of the problem;[233] but he fatally *underestimated its significance* for the quantitative solution, as Heinrich emphasises.[234] The problem rather consists in the circular logic of Marx's quantitative solution to the value-price calculus: cost prices cannot be accounted for in separation and *before* the prices of production, because cost prices themselves must be calculated *on the basis of production prices*. Seen this way, cost prices (and prices of production) must be accounted for simultaneously. But, as Heinrich has poin-

232 We use Moseley's formulation. See Moseley 2016, p. XII.

233 A divergence of prices of production from values can 'arise out of the following reasons' for Marx: '(2) because the price of production of a commodity that diverges in this way from its value enters as an element into the cost price of other commodities, which means that a divergence from the *value* of the means of production consumed in a commodity may already be contained in the cost price, quite apart from the divergence that may arise from the difference between average profit and surplus-value'. Marx 2015 [1864–5], p. 318.

234 'While Marx himself pointed to this "mistake", he completely underestimated its significance'. Heinrich 1999, p. 270. Instead, Marx casually comments: 'As the price of production of a commodity can diverge from its value, so the cost price of a commodity, in which the price of production of other commodities is involved, can also stand above or below the portion of its total value that is formed by the value of the means of production going into it. It is necessary to bear in mind this modified significance of the cost price, and therefore to bear in mind too that if the cost price of a commodity is equated with the value of the means of production used up in producing it, it is always possible to go wrong. *Our present investigation does not require us to go into further detail on this point*'. Marx 1981, p. 265. Emphasis added.

ted out, then we cannot assume that 'the general rate of profit of the production price system coincides with the average rate of profit of the value system',[235] hence, not only the second, but *also the first axiom becomes untenable*. This predicament however seems to concern the tenability of the labour theory of value as a whole.

4.3.2 *Uno's Perspective*

It is unnecessary at this point to refer to the vast amount of both Marxist and non-Marxist literature either discussing solutions to the transformation problem, or taking it to present fundamental objections to Marx's conception of value and sometimes even to declare the theoretical 'bankruptcy' of Marx's teaching as such (e.g. Samuelson, Steedman, Morishima, analytical Marxists such as Elster, Roemer, Cohen).[236] The general reproach concerning the so-called 'transformation problem' is that Marx made an error in hypothesising the two axioms of 'aggregate equalities' simultaneously, namely I. That the total profit is equal to the total surplus value (rate of profit = 'value rate of profit') and II, that the total price of production is equal to the total value (that the divergence of price from value in the total economy = 0).[237] Since both cannot coincide to form a coherent theory of values and price in the real capitalist economy, the theory of production in Volume I (and Volume II) of *Capital* is declared redundant. We are therefore stuck with a theory of the apparent movements of price without being able to coherently, i.e. logically ground the

235 Heinrich 1999, p. 270.

236 For Steedman, Marx's labour theory of value is redundant, because inputs/outputs can be specified according to physical quantities: '… value magnitudes are, at best, redundant in the determination of the rate of profit (and prices of production) … [because] the physical quantities of commodities and of labour specifying the methods of production, together with the physical quantities of commodities specifying the given real wage rate, suffice to determine the rate of profit'. Steedman 1978, p. 202. For similar critiques from a neo-Ricardian standpoint, see Seton 1957, Samuelson 1971, Morishima 1973, Elster 1985, Roemer 1981, Cohen 1981, though Sweezy was arguably the first to revive the Bortkiewicz model (see Sweezy 1942, pp. 115–25). See also, from a different viewpoint, Napoleoni's (Napoleoni 1974) and A. Brewer's (Brewer 1995) similar argument. For a nearly exhaustive overview of the debates on the 'transformation problem' until 1988 and a critique of these views, see Heinrich 1988. For a recent survey and critical discussion on different solutions to the problem since 1988, starting with the TSSI interpretation (Kliman and McGlone 1988), see Moseley 2016, pp. 286–360. Moseley especially targets the understanding of inputs/outputs as 'physical quantities', emphasising the role of money capital, i.e. the fact that a given sum of *money*, not a given sum of *physical inputs*, stands at the beginning of the valorisation process. For further critiques of the 'physical' view, see Foley 1997.

237 This view was held by Bortkiewicz (Bortkiewicz 1906–7), and later reformulated by the neo-Ricardians. See Moseley 2016, p. XII.

prices of commodities in labour values. Or so it seems.[238] What is more interesting is the claim that no such thing as a transformation 'problem' exists in Marx's presentation, because the prices of production have always-already been 'transformed' from the beginning of the presentation. It is Fred Moseley who came forward with this view in recent years, especially in his seminal *Money and Totality* (2016). In the book, he presents a strong argument based on both algebraic calculus and textual evidence to show that there 'is' no transformation problem in Marx, if only we take Marx's method seriously. Moseley's work, based on research over more than two decades, is therefore arguably the most well-crafted argument in 'defence' of the coherence of Marx's presentation throughout the three volumes of *Capital*, and hence, on the labour theory of value. Unfortunately, his 'macro-monetary' approach cannot be discussed in detail in the context of this study. Suffice it to say that Moseley shows through a careful philological analysis of Marx's text that the three volumes of *Capital* are commonly *based* on the form of a monetary expression of labour time – a monetary expression of value in 'value-price' – so that Marx assumes a given M as the value form of prices of production *from the beginning of the analysis*. Moseley therefore rejects the 'standard interpretations' (Bortkiewicz, Sweezy, the Sraffian interpretations of Morishima and Steedman) on the basis of their interpretation of physical (non-monetary) input-output schemas. The given M at the start of the circuit of money capital M-C … P … C'-M' is the only known variable here, so that, unlike a simultaneous determination of the 'inputs' and 'outputs', a *sequential* determination of the variables is required. Therefore, what is at stake at the level of Volume III of *Capital* is not the 'proof' that labour values must be 'transformed' into prices of production, but, rather, that on the level of the *theory of distribution* of *Capital* Volume III, profit, interest and rent as concrete monetary forms of value are based on the appropriation of surplus labour by the capitalist class as a whole, which is based on the *theory of production* of Volume I. In other words, for Moseley, there are no two versions of cost price, one based on values (i.e. the sum of the actual constant capital and vari-

238 The debates surrounding Böhm-Bawerk's 'refutation' – arguably one of the earliest and most influential attempts to refute the Marx's value theory on the basis of the 'contradiction' between Volume I and III of *Capital* (Böhm-Bawerk 1949 [1896], p. 30) were also known to Uno. Especially Hilferding's reply, but also Tugan-Baranowski's intervention of 1905, *Theoretical Foundations of Marxism* (Leipzig: Duncker & Humboldt) was known to Uno, while he did not comment on the more recent debates (Sraffa and the neo-Ricardians). Uno was arguably influenced by Böhm-Bawerk, although he presented a (precarious) critique of the chapter on Marx in Böhm-Bawerk's 'Capital and Interest' ('Kapital und Kapitalzins', 1884) in the introduction to *Value Theory*. To our knowledge, Uno also did not further engage with Bortkiewicz's 'new method' of calculation.

able capital advanced), and one based on prices of production. There is only one cost price, based on values. Therefore, as Moseley states, 'according to this interpretation and contrary to the traditional interpretation, Marx did *not* fail to transform the inputs because the inputs (the cost prices) are not supposed to be transformed … but are instead supposed to be the *same magnitude* (K) in the determination of both values and the prices of production'.[239] Moseley argues this by a close comparison between Marx's original manuscript and Engels' edition of Volume III.[240] But the contention that 'the inputs are not supposed to be transformed', so that there is 'nothing to transform' is *odd in the face of Marx's own elaborated efforts at a transformation procedure from labour values to prices of production in Chapter 9 of* Capital *Volume III*. The NI and Moseley's 'macro-monetary' approach therefore much rather provided *solutions* to a problem that Marx was *clearly not aware of*. Similarly to recent – sometimes more, sometimes less justified – attempts to declare a 'non-existence' of a transformation problem in Marx,[241] Uno does not acknowledge the existence of a problem. Of course, this view is also the result of a particular kind of interpretation. In the following, I will first provide an account of Uno's understanding (in the *Principles*) of both the relation between labour values and prices of production, and second, the concept of market values – a prominent term for Uno – in its relation to supply and demand. While in the *Principles*, however, Uno merely stresses the regulatory influence of the supply-and-demand factor to generate an equilibrium of the profit rate, without directly referring to Marx (except accusing Marx of underestimating this factor, as shown above), in Part IV of his earlier *Methodology* of 1962, we find a more fundamental critique of Marx. Uno

239 Marx 2015 [1864–5], pp. 15–16.

240 It is therefore possible to view Moseley's intervention as a more 'thoroughgoing' variant of the quantitative solution offered by the so-called New Interpretation, which we have pointed to earlier (see Dumenil 1980, Foley 1982, and Lipietz 1982), and which we will return to in detail in Chapter 5.3. As Foley says, the money wage multiplied by the value of money implies 'that the value of labour power is equal in magnitude to *the wage share in aggregate value added*'. Foley 1982, p. 42. In other words, the value of labour power is *already transformed in terms of price expressing its exact value*, i.e. the 'fraction of the working day that is paid labour'. Moseley 2016, p. 256. Moseley's interpretation is more radical, because, in contrast to e.g. Foley's explanation, not only the value of labour, i.e. the wage (v), is 'already transformed', but also constant capital (c). For criticisms of Moseley's interpretation, see Kliman's 13-part series (as of 17 January 2017), 'All Value-Form, no Labour Substance' in Marxist-Humanist Initiative (https://www.marxisthumanistinitiative.org/uncategorized/all-value-form-no-value-substance-comm
ents-on-moseleys-new-book-part-1.html, last access 15 Aug. 2019), and Freeman 2019.

241 '… the "transformation problem" … *simply does not exist*'. Milios 2009, p. 269. If it does not 'exist' however, what is it that Milios addresses?

here criticises Marx's conceptualisation of market values and market prices that Uno regards as the result of a more fundamental flaw in Marx's basic theory of the form and substance of value.

Part III of the *Principles*, the 'Doctrine of Distribution' (*bunpairon*), immediately begins with Uno's theorisation of the formation of the general profit rate and, accordingly, the transformation of values into production prices. First, he presents the view that 'in a purely capitalist society in which unrestricted competition prevails among capitals',[242] all commodities must be traded at definite prices. Capital must use labour-power and the means of production in the most efficient way, so that a 'normal standard' can be reached, in which all capitals tend to equalise their profits. Uno concludes that '[o]nly with these general presuppositions can it be made apparent that capital possesses the faculty of allocating itself to the various spheres of production so as to supply all the products that society demands',[243] again propagating his dominant view of capitalism as a basic demand-satisfying and use value-oriented economic formation. Yet, on what factors in Uno's view does the formation of a general rate of profit, on the condition of competition between all industries or branches of production, depend? For him, it depends on the three factors of (1) the rate of surplus value, (2) the (organic) composition of capital, and (3) the turnover-time of capital, consisting of both the production-period and the circulation-period. The turnover-time of capital, however, is abbreviated by the intermediary function of commercial capital, so that commercial capital also indirectly participates in the formation of a general profit rate. To discuss the problem at hand, we need not go back to the discussion of commercial capital as it is sufficiently explained in Chapter 4.1. As for (2), understanding the dependence of the general rate of profit on the rate of surplus value (the ratio between necessary labour time and surplus labour time) is relatively unproblematic. Uno merely stresses the relevance of the production of relative surplus value with the technical progress of the means of production and the historical tendency to equalise the rate of surplus value across all branches of the industry with technical progress: 'Inequalities that in practice remain in the rate of surplus value over different capitalist activities must be attributed to certain particular conditions requiring in each case separate explanations'.[244] Consequently, it is in (1) that the formation of a general rate of profit confronts its most fundamental problem against the background of the 'law of value'. For

242 Uno 1980, p. 76.
243 Uno 1980, p. 76.
244 Uno 1980, p. 78.

technical reasons, differences in the composition of capital between the productive branches must be allowed for. In contrast to the rate of surplus value, they do not tend to equalise with technical progress, for some branches of production, i.e. large-scale operations as e.g. heavy metal industries, require a higher composition of capital than small-scale industries (e.g. the hospitality industry), yielding a smaller rate of profit, accounted for on the basis of surplus values. As a consequence, the different industries would yield completely different profit rates. To therefore guarantee the even distribution of profits over the different branches of production, it 'becomes unavoidable that the price of the products produced with a higher composition of capital rises above its value and the price of those produced with a lower capital composition falls below its value'.[245] For Uno, hence, 'the prices that equalise profits that accrue to all capital investments of the same value are, therefore, equilibrium prices'.[246] Like Marx, Uno terms these prices production-prices (or prices of production). As a consequence, and by introducing the notion of *market price* – that however arises not from *inter*-sectional, but *intra*-sectional competition between commodity suppliers – Uno sees little controversial potential in the transformation of values into production-prices:

> In other words, production-prices which consist of the cost-price plus the average profit earned by the total of invested or advanced capital regulate the social supply of capital's products in place of values (*kachi ni kawatte*); for market prices that fluctuate in response to the forces of demand and supply gravitate towards production-prices rather than to values. This conversion of values into production-prices, however, does not imply any change in the labour-time required to produce each commodity. *This technical requirement is taken for granted when capital, guided by production-prices, determines the quantity of each commodity that it will supply socially. In other words, here again capital makes a commodity-economic detour*. Since it cannot know directly what quantity of each commodity ought to be socially supplied, the production of which requires a definite quantity of labour-time, capital relies on the market form of production-prices to allocate itself and labour with it to the various spheres of industrial production, thereby ensuring that the socially necessary labour-time is spent for the production of each individual product.[247]

245 Uno 1980, p. 78.

246 Uno 1980, pp. 78–9.

247 Uno 1980, p. 79. A translation closer to the original of the sentences in italic would be:

According to Uno, 'in reality' capital does not produce according to the labour time socially necessary in terms of value, but orients itself towards production prices. Production prices guarantee that socially necessary labour time is *automatically readjusted* to the quantities 'needed' in every branch of production as soon as they form the centre of gravity around which market prices, determined by supply and demand, gravitate. But *then there is no reason to believe that labour values form the theoretical basis on which to determine the 'price fluctuations' on the market*. With this theory of production price, the assumption of values becomes redundant.

Additionally, conscious planning of the economy is no longer a problem, since, by the automatism of the prices of production, capital 'relies on the market form of production-prices' to guarantee the supply of products in proportions of socially necessary labour time. But socially necessary labour time is then no longer determined by the '*value* rate of profit', it is determined by the '*profit* rate of profit' and thus is altogether detached from the ratio of the surplus product to paid labour. Moreover, it is based on the ratio of the surplus product to both constant and variable capital (the cost price for the capitalist), or the rate of profit. Böhm-Bawerk's most trivial, however central accusation, namely that Marx had not moved beyond Smith, Ricardo and the Physiocrats in his new determination of price, here certainly holds for Uno's interpretation.[248] It must be noted that Marx even admits that the price of production is the same of the understanding of price in the classics: *the point for Marx however* is that 'none of these people explained the difference between price of production and value'.[249] As a matter-of-fact, with the elimination of labour values and the 'value rate of profit', Uno eliminates the transformation problem *tout court*. He substantiates the argument of an automatic readjustment of labour values to prices of production which form the centre of gravity for market prices in each industrial sector by saying that '[s]ince the products of capital are now traded at prices gravitating towards production-prices which consist of the cost-price plus an average profit (on total invested capital), the movement

'Presupposing this, in order to determine the amount of social production of these commodities, it is necessary for capital to make this detour'. Uno 1964, pp. 147–8.

248 'That price of a commodity which is equal to its cost price plus its share of the yearly average profit of the capital employed (not merely that consumed) in its production (regard being had to the quickness or slowness of turnover) is its *price of production*. This is in fact identical with Adam Smith's natural price, Ricardo's price of production, and with the prix nécessaire of the physiocrats. And the actual exchange relation of the separate commodities is *no longer determined by their values but by their prices of production*; or as Marx likes to put it "the values change into prices of production"'. Böhm-Bawerk 1949 [1896], p. 24.

249 Marx 1981, p. 300.

of prices can no longer be said to be directly governed by the law of value'.[250] For Uno, consequently, prices of production that guarantee an equal share in the aggregate profit for all branches of production necessarily diverge from values, and *only this divergence* establishes the law of value at all. Paradoxically therefore, for Uno, the *law of value only holds when it does not hold*. At the same time, by disavowing the primordial determination of unpaid labour as the part of the working day in which the labourer produces the surplus, which in turn becomes the primordial form of profit, for Uno, the characteristic of the 'law of value' consists in a law of social reproduction based on the satisfaction of social demand in a general equilibrium:

> … the law of value that governs a commodity-economy does not secure the solid mechanism of its operation, nor the full scope of its application, unless commodities are produced by capital, i.e. unless values are already transformed into production prices. Only by the formation of the rate of profit is it possible objectively to determine the equilibrium quantities of the various use-values that are socially demanded and that technically require a certain labour-time for their production.[251]

Here we can return to the inherently Baileyan assumptions in Uno's value theory: like Uno long after him, Bailey already conceived of money as the sole 'external' measure of commodities. According to Bailey, money need not be the 'absolute' measure of value, and can hence be variable, and by virtue of being variable, evenly and uniformly measure the values of all other commodities. In other words, Bailey can ignore Ricardo's transformation problem and describe the formation of value as a *system of exchange of simple relative values*. This also means that 'value', as soon as the real process of the formation of a general rate of profit is concerned, is nothing but a *relative relation of exchange in a system of quantities*.[252] Hence, for both Bailey and Uno, the concept of production price simply *substitutes* the concept of value, as soon as the 'total process' of capitalist production and the formation of the general rate of profit is concerned. Both become 'fetish worshippers' of the value form of *price*. But how, if

250 Uno 1980, p. 79.

251 Uno 1980, p. 81. Here we can also see how for Uno the reproduction of total social capital discussed in the previous chapter smoothly adjusts to the value-price-transformation: 'In fact, capital realises the equilibrium state of reproduction in which it forms and augments values only when commodities are exchanged at production-prices since the state of equilibrium implies and depends on a general rate of profit'. Ibid.

252 See Brentel 1989, p. 111.

everything is to the best in the best of all possible worlds, can this interpretation *not* impede Marx's theory of value as a theory of exploitation of living human labour that is its central critical insight? How does Marx, with Uno's interpretation, in fact move *beyond* the classical understanding? Uno does not seem to have an answer. Still, he insists that 'this fact [the systematic divergence of the cost price (hence, the production price) from values] does not in any way alter the basic worker-versus-capitalists relation according to which workers devote the necessary labour-time for the production of their own livelihood and the surplus labour-time for the formation of the capitalists' income'.[253] The plausibility of this assertion is however suspended by Uno's own interpretation in which the fundamental dependency of the price system on the value system can no longer be reconstructed. In the following, we will investigate a little further the importance of *market values* for Uno's 'solution' to the transformation problem. We will show that Uno, in contrast to Marx, ascribes a constitutive role to supply and demand for the formation of market values, relying on a basic assumption of neoclassical economic theory.

4.3.3 *Supply and Demand, Market Value and Market Prices*

The role of market prices and market values (i.e. 'market production-prices') in Marx's further elaboration in Chapter 10 of Volume III of *Capital* concerns competition within a branch of production of the same type of commodity. Marx discusses these terms against the background of the function of supply and demand, especially its heuristic value in determining prices. Market value for both Marx and Uno is defined as the *average value* of all the commodities produced in the same branch of production, yet it can also be the *individual value* of the commodity produced under average conditions of production. But, as Marx points out, the supply of the quantity of a certain type of commodity does not simply 'satisfy demand', it satisfies demand on a *particular social scale*. As a rule of thumb, demand and supply regulate the market price or rather, the deviation of the market price from market value, while on the other hand, the market value 'regulates the relationship between demand and supply, or the centre around which fluctuations of demand and supply make the market price oscillate'.[254] However it is crucial to see that for Marx, in contrast to Uno, this contention is made on the presupposition that 'the law of value regulates the prices of production'.[255] Hence, for Marx, demand and supply have no heur-

253 Uno 1980, p. 80.
254 Marx 1981, p. 282.
255 Marx 1981, p. 281.

istic value for the explanation of the relations under which commodities are exchanged as the products of capital. This point is crucial for Marx:

> Here again we can see how absolutely nothing can be explained by the relationship of demand and supply, before explaining the basis on which this relationship functions.[256]

The fluctuations of supply and demand accommodate to market values. Because of this, we might even imagine the case that the constant divergence of supply and demand from value forms a *new* market value (= the average taken from the different market prices) 'since the departures from these values balance each other as pluses and minuses, when their average is taken'.[257] But demand and supply merely constitute deviations, accidental fluctuations, and cannot explain the dynamic of social reproduction. Marx even goes one step further to prove the *tautological character* of an explanation that attempts to establish the value form of market value – we shall not forget that market value, like price of production, is a *value form* – on an equilibrium of supply and demand, i.e. the satisfaction of social needs. In Chapter 10 of Volume III of *Capital*, Marx carefully analyses, first, the role of supply, and second, the role of demand. Let us first consider supply. The view of supply as a particular sum of commodities, existing in use value to satisfy human needs, fails to recognise that these use values are available on the market *in a given scale*.[258] However, according to Marx, there is no intrinsic relation between the quantity of the commodities available on the market and the *market value* of these articles. The relation merely indicates that on a given basis of labour productivity in the sphere of production in question, the production of a particular quantity of this article requires a particular quantity of social labour time, even though this proportion may be completely different from one sphere of production to another and has no intrinsic connection with the usefulness of the article or the particular character of its use value.[259]

The quantity in which a certain commodity is produced therefore bears no relation to the social *usefulness* of the article, i.e. the degree in which it satisfies social demand. Accordingly, to say that products are *available* on the market is not to say that they 'satisfy a demand'. They only satisfy the demand of the *solvent* participants on the market, people that pay for the products *with money*. Since production in capitalism is based on the social division of

256 Marx 1918, p. 282.
257 Marx 1981, p. 291.
258 Sea Marx 1981, p. 287.
259 Marx 1981, p. 288.

labour, therefore, the part of 'society' (rather, that section of workers) that expends its labour-time on the production of particular commodities 'must receive an equivalent in social labour represented in those articles that satisfy its needs'.[260] From this, it follows by no means that the extent of the supply of particular quantities of products on the market is directly related to the extent to which they are socially demanded: it only follows that a part of the labour time invested in the production of particular articles buys back a part of the quantity of certain other products available on the market. The relation between the proportion that the production of a certain article assumes in total social labour time and the 'proportion in which the society demands satisfaction of the need appeased by that particular article'[261] is not a necessary, but merely an accidental one. In other words, the *market value* of a particular commodity depends on factors completely unrelated to the *quantity* (supply) in which this commodity is available on the market. The same goes for demand. Demand, needless to say, is a social fact without which a part of the reproduction of the annual aggregate product would be impossible. This demand accrues to both capitalists and workers, as we have seen in 4.2., with the crucial difference that the demand of the capitalists is a demand for *productive consumption*, the purpose of which is the appropriation of surplus value, value without an equivalent. Generally, it seems that, on the one hand,

> … there is a certain quantitatively defined social need on the demand side, which requires for its fulfilment a definite quantity of an article on the market. In fact, however, the quantitative determination of this need is completely elastic and fluctuating. Its fixed character is mere illusion. If means of subsistence were cheaper or money wages higher, the workers would buy more of them, and a greater 'social need' for these kinds of commodities would appear, not to mention those paupers etc. whose 'demand' is still below the narrowest limits of their physical need. If cotton, on the other hand, became cheaper, the capitalists' demand for cotton would grow, more excess capital would be put into the cotton industry, and so on.[262]

But the capitalist's need for cotton 'is modified fundamentally by the fact that all it really clothes is his need to make profit'.[263] Of course, this does not mean that supply and demand have no bearing on the *real prices, i.e. the market prices*,

260 Marx 1981, p. 288.
261 Marx 1981, p. 288.
262 Marx 1981, p. 290.
263 Marx 1981, p. 29.

under which commodities are traded. If supply exceeds demand, commodities must be sold for less than the market value, if demand exceeds supply, commodities are sold above their market value, in this way reflecting *deviations* from the market value, and with it, the *market price*.[264] But from this logic it does not follow that an 'equilibrium' of supply and demand 'determines' market value. Market value itself – the sum of v and c plus the average profit, a surcharge to the cost price in proportion to the capital employed – is altogether independent of the coincidence or the 'equilibrium' of supply and demand. To the contrary: market value *determines the relationship of demand and supply* to begin with. Hence, the fundamental problem in the determination of price by the supply-and-demand-function, argued by marginalism and, in 'value-theoretically modified' fashion also by Uno, is its lack of explanatory power contained in the tautological character of *what it is supposed to prove*:

> Demand and supply coincide if they stand in such a relationship that the mass of commodities produced by a certain branch of production can be sold at its market value, neither above it nor below. This is the first thing we are told. The second is that when commodities can be sold at their market value, demand and supply coincide. If demand and supply coincide, they cease to have any effect, and it is for this very reason that commodities are sold at their market value … If demand and supply cancel each other out, they cease to explain anything, have no effect on market value and leave us completely in the dark as to why this market value is expressed in precisely such a sum of money and no other. The real inner laws of capitalist production clearly cannot be explained in terms of the interaction of demand and supply … since these laws are realized in their pure form only when demand and supply cease to operate, i.e. when they coincide.[265]

However, under certain conditions, demand can regulate the market value of a commodity in relation to the conditions of its production. Here is a point in which Marx's argument seems to suggest an alternative to the pure value

264 With the important addition that '[m]arket prices that diverge from market values balance out on average to become market values, since the departures from these values balance each other as pluses or minuses, when their average is taken. And this average figure is by no means of merely theoretical significance. It is, rather, practically important for capital whose investment is calculated over the fluctuation and compensations of a more less fixed period of time'. Marx 1981, p. 291. Yet, this does nothing to change the fact that market values determine market prices. For Marx's elaboration, see Marx 1981, pp. 291–7.

265 Marx 1981, pp. 290–1.

determination of market value (i.e. a portion of socially necessary labour time required to produce a commodity under average conditions, providing a proportional share of the individual capital's profit). Marx thus seems to end up with two determinations of market value, one regulated by value, one regulated by demand and supply. At this point, we also find Uno's more elaborate and direct criticism of Marx's explanation of market value in the *Methodology*. Let us first turn to Marx's, seemingly counterfactual explanation of market value. First, he introduces the term by assuming average market conditions, with the quantity or the mass of the commodities provided as a given. Here, he investigates the influence of quantities of commodities produced under different conditions (favourable and unfavourable) on the deviations of market price from market value in three different cases. In the first case (case I), the market value is equal to the sum of its individual values. Here, the quantity of commodities produced under good conditions and those produced under worse conditions in this same line of production is relatively small, while the greater bulk of commodities is produced under average conditions. The relatively small quantities of extreme conditions of production then correspond to the greater mass of average conditions of production and balance each other out: capitals producing at the worst extreme of the spectrum have to sell their commodities below their individual value, while those producing at the best extreme sell their commodities above it ('normal' case). In this case, the market value of the mass of commodities 'is determined by the value of the great middling mass'.[266] In case II, the part of the sum which is produced under relatively unfavourable conditions forms a more significant quantity than in case I, so that the individual amounts of commodities produced at the two extremes fail to balance each other out. Accordingly, it will be the commodities produced under the worst conditions that regulate the market price. If, in case III, the commodities produced under favourable conditions form the greater part of the mass, then, accordingly, the market value falls below the average value.[267] Uno is therefore justified in remarking that in Marx's determination, 'the qualitative dimension of market value is dissolved into the quantitative dimension'.[268] This impression is further consolidated by Marx's *modified determination of market value with regard to supply and demand in relation to the commodities produced at the margin*. Here, the supply of commodities is regarded in relation to demand. While he insists that the mass of commodities 'not only satisfies a need, but it satisfies this need on its social scale', he proceeds:

266 Marx 1981, p. 284.
267 See Marx 1981, pp. 283–5.
268 Uno 1962, p. 207.

> [i]f … the quantity supplied is less than the demand, or alternatively more, this market price deviates from the market value. In the first case, if the quantity is too small, it is always the commodities produced under the worst conditions that govern the market value, while if it is too large, it is those produced under the best conditions; i.e. it is one of the two extremes that determines the market value, despite the fact that the proportions produced under the different conditions, taken by themselves, would lead to a different result.[269]

This modification with regard to market value seems to indicate that market value is essentially regulated by the *given demand in relation to a given supply* within a particular branch of production. This modified circumstance caused Uno to fundamentally question the consistency of Marx's concept of market value. What market value should explain, according to Uno, is 'the formation of a particular surplus value as the special case of the production of relative surplus value' – as e.g. how surplus profit is transformed into rent. Instead, 'in Marx, this [explanation of market value] is conflated with the fluctuations of market price arising from demand and supply'.[270] The accusation against Marx of a 'conflation' of market price and market value is predominant in Uno's treatment of market value in the *Methodology*.[271] For Uno, this is not to say that demand and supply bear no relation on market value, but rather, that we can detect a correspondence in demand and supply if commodities are sold at their

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269 Marx 1981, pp. 286–7. Quoted in Uno 1962, p. 207.

270 Uno 1962, p. 206.

271 Uno 1962, p. 207: 'Here, market value and market price are debated in clearly confounded fashion'. See also Itoh 1979 and Itoh 1980. For Itoh, Marx 'seems to leave us with two contradictory theories [of market value]. One of them defines market value as determined directly by the technically average conditions of production … In contrast, Marx's second theory gives demand an important role in determining the market value'. Itoh 1980, pp. 82–3. For Itoh, unsurprisingly, Uno's theory of market value forms the solution to the 'dilemma' by defining market value as 'social value determined through the mediation of the market'. Uno 1973 [1952] p. 90, quoted in Itoh 1980, p. 86. This, however, as we have reconstructed above, would mean us *abandoning* the value determination of price. On the problem of market value in Marx, also see Ehara 2017/18. Ehara, however, altogether disregards the methodological architecture of the three volumes of *Capital*, i.e. the assumption of a value-price-congruence in the first two volumes as a structural necessity for the explanation of their *deviation* in Volume III. The value-price deviation, contrary to what Ehara believes, is not an inconvenient 'concession' by Marx. Again, Uno is invoked as delivering a better explanation for market value in providing the, in fact, tautological explanation of an equilibrium of supply and demand as regulating market value. We will show to the contrary that Marx, read carefully, at no point suggests demand and supply as an independent factor for price determination, so there is no 'conflation' to speak of.

market value, even if price appears as the regulator of supply and demand, regardless of the mass of commodities supplied at the margins (i.e. under the extreme conditions of production). Uno: 'For the quantity of commodities, Marx fixed the cases of "being too low" (*kashō*) or "being too high" (*kadai*), but in contrast, he thought he should not consider the reactions of supply and demand in his determination of market value'.[272] For Uno, the determination of market value by demand and supply becomes clear when 'in the process of fluctuation, the supply towards social demand of a commodity makes the social labour in the proportion to its production necessary, and this is the way market value is determined'.[273] This is the 'commodities are sold at their market value if supply and demand are in equilibrium' – variant that Marx mockingly identifies in some of his predecessors, with the distinction that Uno brings in the dimension of value as socially necessary labour. However, Uno's interjection is not unfounded: Marx indeed seems to open his conceptualisation of market value to the motive of supply and demand as an essential presupposition. But this impression is superficial and, as we argue, unfounded. If we closely regard Marx's view, his considerations with regard to a) the quantities of commodities produced at the margins (under 'worse' and 'favourable' conditions of production, respectively), and b) the quantities with regard to fluctuating supply and demand, we can see the clear *causal relation* between value – reflected in various prices – and supply and demand. The causality lies in the fact that value and price determine supply and demand behaviour already *at the stage of production*, and not just after products must be socially distributed. In this sense, 'commodities produced under favourable conditions' are simply commodities produced with e.g. a relatively low organic composition of capital, and the relatively low prices resulting from this kind of capital employment accordingly determine demand's behaviour[274] – not the other way around. Marx therefore remarks:

> If demand and supply determine the market price, then market price in turn, and at a further remove market value, also determine demand and supply. As far as demand is concerned, this is self-evident, since this

272 Uno 1962, p. 208.

273 Uno 1962, p. 210.

274 On the presupposition that competition forces other capitals to try to sell at similarly low prices – and diminishing their chances for a profitable return. The tendency of capital in the course of cost saving, i.e. the production of relative surplus value, to acquire smaller returns as an effect of the lowering of the value of labour power or as an effect of a continuously higher organic composition, or both, is the symptom of crisis – which lies in the form of value acquisition itself. We will return to this topic in more detail in Chapter 4.4.

> moves in the opposite direction to price, expanding when it falls and vice versa. But the same is true of supply. For the *prices of means of production* that go into the commodities supplied *determine the demand* for these means of production, and hence also the supply of the commodities whose supply brings with it a demand for those means of production. Cotton prices determine the supply of cotton goods … In other words, the relationship between demand and supply does not explain market value, but it is the latter, rather, that explains fluctuations in demand and supply.[275]

As we can see more clearly from this passage, the concept of market value is in no way inconsistent with Marx's value theory: demand and supply can only ever be the *executors* of the dominant forces of competition for a share in the rate of profit, not their *cause*.

Uno however takes Marx's alleged confusion with regard to market value and price as an opportunity to hint at a more fundamental misrecognition. Uno sees Marx's dissatisfactory solution to the value-price-transformation as a methodological failure to have understood clearly the *subsumption of the substance under the form of value* in the course of capitalist development. Let us quote the complete passage:

> In his value form theory, as well as in his theory of the measure of value, Marx determines the value of a commodity by the labour time socially necessary for its production. And the value form must be explained as its indicator (*hyōji suru mono*). We also think the function of money as the measure of value is the indicator passing through value, and is measured as such – even if we admit the possibility of a non-correspondence between price and value. However, in a commodity-economy … the law of value is accomplished through the fluctuation of price. The value form of the commodity, as well as money's function of the measure of value, are the forms that adjust the fluctuations of price, making value their center. That is [value's] function. As being the indicator from the beginning, passing through value in the commodity value, its specific character was lost out of sight. We cannot help but say that the substance-theoretical determination of value provided *before* the form determination belies the method of form theory (*keitairon no hōhō wo ayamaru*). In the theory of market value, this becomes clear again in the possibility of social value

275 Marx 1981, pp. 292–3. Emphasis added.

> separated from the average of the individual values. The original problem becomes conflated with the problem of the divergence of the market price from market value through the non-correspondence of demand and supply. In the theory of market value, the content of value determination that originally was the substance determination in the general theory of value, is not directly explained. As said before, while having already explained value theory, the development of a theory of market value is necessary, but it shows a peculiar aspect of the theory of commodity value. It must not simply explain the substance of value as the social substance common to all societies, but it must explain that this substance, as the substance of commodity value itself, is *subsumed* (*hōsetsu suru*) by *the form determination*. However, at the same time, going hand-in-hand with the subsumption itself (*hōsetsu suru shikata jishin ni tomonau*) is the *insertion of a gap* (*zure no ireuru men*) which is an aspect that must also be explained. The explanation does not halt at the temporary deviation of price from value, which is constantly annulled by the act of the mutual adjustment between demand and supply. We need an explanation for the deviation from social value to individual value that, too, enters the form – a deviation that is not merely temporal and cannot be annulled by the act of adjusting demand and supply … With regard to the principal (*genriteki*) determination of commodity value, this 'grasp' [of form] over substance is given in the tendency for individual values to be united in social value. However, this can for the first time be said of the form into which the gap is inserted. *From the beginning, it was no substance conforming to its form* (*saisho kara keitai ni soku shita jittai to shite aru wake dehanai*). As against the previous theory of market value [as being the average of the individual values], Marx leaves each of these points unclear, but that is a fundamental problem of the method of proof of the labour theory of value.[276]

For Uno, as argued before at the level of value theory, the specificity of capitalism does not consist in the appropriation of unpaid and alien human labour, which the value forms manage to conceal in their thing-like absoluteness. Hence, it neither consists in the social form of labour that cannot but express itself in forms of value. Abstract labour, as the substance of value, is a transhistorical fact for Uno, slightly modified by its relation to concrete labour in the capitalist production process, as discussed in Chapter 3. What is specific to cap-

276 Uno 1974 [1962], pp. 211–12. Emphases added.

italism, then, for Uno, is the pure form in which the law of value imposes itself on the production and reproduction process. In the real process however, prices determined in the last instance by the demand-and-supply-relation (systematically deviating from the determination of (market) value by socially necessary labour time as their 'gravitational' centre), dominate the real relations between workers and capitalists, and capitalists and workers alike. The substance of value becomes subsumed to form, form determines substance. Here, at the level of the transformation problem, we can retrospectively determine the reason for Uno's insistence on the priority of form over substance against Marx: whether in emphasising reproduction against accumulation, the sale and purchase of labour power in the circulation sphere against exploitation in the sphere of production, or the 'form determination' of price over the real labour content in the aggregate values. As argued before, it is Uno's transhistorical understanding of abstract labour, his failure to consider the historically specific form determination of labour under capitalist relations, that makes him prioritise the forms over their content – and likewise, the forms of appearance over their essential determinations. The law of value degenerates into a theory of successful social reproduction, while the central critical insight of Marx's theory of (surplus) value, namely that the law of exchange becomes a law of appropriation of alien unpaid labour, becomes ephemeral. Uno consequently *collapses the difference* between the *actual* dynamic of capitalist self-valorisation and the 'configurations of capital' as they appear 'in the everyday consciousness of the agents of production themselves'.[277] If Marx were alive to read Uno's criticisms, he would probably give the following answer to Uno's understanding of the problem, as he did to the vulgar economists:

> We can also understand why those very economists who oppose the determination of commodity value by labour-time, by the quantity of labour contained in the commodity, always speak of the prices of production as the centres around which market prices fluctuate. They can allow themselves this because the price of production is already a completely externalized and prima facie irrational form of commodity value, a form that appears in competition and is therefore present in the consciousness of the vulgar capitalist and consequently also in that of the vulgar economist.[278]

277 Marx 1981, p. 117.
278 Marx 1981, p. 300.

According to Uno, however, the structural nexus of capital's form determinations can only be fractured by highlighting the role of use value and 'social need', what he calls the 'passive constraint of use-value'. To explain, let us briefly return to Uno's concept of market value in the *Principles*.

For Uno, the proportional allocation of social labour to the different spheres of industry, according to 'social need', implies 'that the supply of every product can be varied according to the changing pattern of social demand'.[279] Market value is therefore 'not determined by the actual content of labour per unit of the commodity but rather by the individual value of the same kind of commodity supplied at the margin'.[280] The market value for Uno is therefore subject to change of supply in response to changing demand. For him, too, however, it is the equilibrium of both that is essentially constitutive of market value: 'The market value as the gravitating center of market price is determined on the basis of an equilibrium of supply and demand … Thus, the determination of the market-value of a commodity depends upon the conditions of production under which the supply of the commodity is adjusted to demand'.[281] For Marx, to the contrary, the equilibrium of supply and demand ceases to explain anything, to have 'any effect'. Rather than rely on the equilibrium of supply and demand to explain market value, then, one would have to explore the inner dynamics *affecting demand* (and supply). These affects reflect themselves at the conceptual level of price, which are based on a social relation completely unrelated to demand and supply, namely the paid and unpaid components of abstract human labour in the process of production. Needless to say, for Marx, total social capital must 'function' in order for accumulation to take place on increasingly expanded scales of production. This also means that a particular structure of use values must be reproduced to guarantee the material reproduction of total social capital, as he shows in Part Three of Volume II of *Capital* (referred to here in Chapter 4.2.). However, only here, in the discussion of the *real process* of social reproduction at the surface of capitalist production as a whole, can Marx prove that demand *itself must obey the laws of the repro-*

279 Uno 1980, p. 85.

280 Uno 1980, p. 85. Here, 'margin' refers to Marx's statement that '[i]f … the quantity supplied is less than the demand, or alternatively more, this market price deviates from the market value. In the first case, if the quantity is too small, it is always the commodities produced under the worst conditions that govern the market value, while if it is too large, it is those produced under the best conditions ['margins']; i.e. it is one of the two extremes that determines the market value …' Marx 1981, p. 286.

281 Uno 1964, p. 159. Translation in Itoh 1980, p. 87.

duction of capital, and not the other way around.[282] Demand (and supply) is subordinate to the fact that all individual capitals must yield an average rate of profit to *belong to total social capital* at all. Hence, the emergence of a general rate of profit and the transformation of values into prices of production, for Marx, is *not simply a technical requirement* to understand capital's inner operations. The sale and purchase of commodities at prices that guarantee an equal share in the rate of profit 'is the form in which capital becomes conscious of itself as a *social power* (*gesellschaftliche Macht*), in which every capitalist participates in proportion to his share in the total social capital'.[283] As a social power,

> capital is indifferent to the particular use-values it produces, and in fact to the specific character of its commodities in general. All that matters in any sphere of production is to produce surplus-value, to appropriate a definite quantity of unpaid labour in labour's product.[284]

Uno, while trying to grasp capitalism in terms of 'pure theory', ignores or at least gravely underestimates this fact. For him, it is the aspect of use-value in terms of demand meeting supply in appropriate measures that guarantees succeeding social reproduction. He misrecognises the problematic of Marx's inquiry, namely how reproduction subordinates social needs to its own imperative of growing accumulation and still manages to foster the illusion that capitalist production is not solely directed at profit, but at demand. In other words, Uno misrecognises the problem of fetishism generated by the very social form that consolidates capital's domination over human needs. This is why the value-price-transformation is not simply successfully solved by admitting to a systematic 'gap' inserted by the form of price into the substance of value. In fact, the value-price-transformation has little to do with Marx's 'mistake' of clearly demarcating the 'subsumption' of substance under form at all, as we will see soon. To the contrary: in order to clarify Marx's specific consciousness of the problem that Uno so dramatically misrecognises, we will offer an interpretation that views the 'transformation problem' precisely as a problem of fetishism *expressing itself in the forms of its appearance*. At the same time, we will point to Marx's own shortcomings in coherently applying his own method of inquiry to this crucial theorem.

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282 I thank Dr. Ingo Stützle for presenting me with his ideas on the relation between the theories of reproduction in Volumes II and III of *Capital*.

283 Marx 1981, p. 297.

284 Marx 1981, p. 297.

4.3.4 *The Transformation Problem as a Problem of Fetishism*

Commodities as products of capital are the results of a specific social form of labour, namely capitalist wage labour. As such, they are explicitly thematised by Marx as late as the beginning of Chapter 9 of Volume III of *Capital*, 'Formation of a General Rate of Profit (Average Rate of Profit), and Transformation of Commodity Values into Prices of Production'. As products of capital, commodities are always-already bearers of an *average rate of profit* as the result of the unity of the process of production and circulation. However, the categories of value and of surplus value are logical-conceptual presuppositions to understand the categories of profit and production price. Therefore, addressing the issue of 'value' or 'surplus value', and addressing the issue of 'production price' and 'profit' means to address two different levels of abstraction. Yet, the level of abstraction required by the category of value is presupposed in the category of prices of production. The former is based on the confrontation between capital and labour in 'purer form' than the latter, in which the basic confrontation is already obscured by the 'apparent', i.e., fetishised form of profit. The specificity of the capitalist relations of production hence does not consist in the production of a surplus product, i.e., surplus labour. Most historical relations of production presuppose a surplus product. What is decisive for the specificity of *capitalist* relations of production is the *social form* in which the production of a surplus product, as *surplus value*, takes place: it does not rely on personal relations of dependence, but is mediated by the exchange of formally free and equal persons. The proof of unequal exchange between capitalist and labourer *on the basis of equivalent exchange* is therefore not only the centrepiece of Marx's explanation for the social form that the surplus product assumes as surplus value, it is simultaneously the centrepiece for the explanation of the false illusion of equivalent exchange between capital and labour, the central fetishism of bourgeois political economy.[285] Heinrich explains: 'For the analysis of the capitalist form of exploitation, surplus-value is not decisive as a *quantitative* category, but rather to the extent that it expresses on an abstract level the *form-content* (*Formgehalt*) of the exchange between capital and labour'.[286] In rejecting the *quantitative* congruency between surplus value and profit in favour of the *qualitative* significance of the basic categories for a scientific understanding of profit, Heinrich further remarks:

285 See Chapter 6 of *Capital* Volume I, 'The Sale and Purchase of Labour-Power'; Marx 1976, pp. 270–80.

286 Heinrich 1999, p. 282.

> What is essential for the category of surplus-value is not the arithmetic sum of profit, interest, and ground rent, but rather that it is a 'general form', a *non-empirical category* that underlies the concepts of profit, interest and ground rent, and with which the visible forms on the 'surface of society'[287] can be grasped.[288]

Especially the first chapter of *Capital* Volume III, in which Marx develops the categories of cost price and profit, is revealing in this regard. It probably presents the most concise analytic deconstruction of the fetish-characteristic value form of profit we can find in his complete oeuvre. The relation between surplus value and profit here presents the *critical relation* between *the essence* and the *appearance* of the relation between capital and labour:

> In surplus-value, the relationship between capital and labour is laid bare. In the relationship between capital and profit … *capital appears as a relationship to itself*, a relationship in which it is distinguished, as an original sum of value, from another new value that it posits. It appears to consciousness as if capital creates this new value in the course of its movement through the production and circulation processes. But how this happens is now mystified, and appears to derive from hidden qualities that are inherent in capital itself.[289]

Yet, what does it mean to say that it 'appears to consciousness as if capital creates this new value', which generates the impression that, in profit, 'capital appears as a relationship to itself'? What does it mean to say that 'surplus-value must appear as profit, profit is the transformed form of surplus value'?[290] In other words, what does it mean to say that 'essence must appear'?[291] In order to grasp the *necessary* nexus between the non-empirical, conceptual foundation of profit, and the simultaneous illusion and 'mystification' it creates by *simply being itself*, we must take a closer look at the determining factor of the rate of profit, i.e. cost price. As is known, the rate of profit is represented by the ratio of surplus value to the total capital invested, i.e. both constant and variable capital, or the *cost price* of capital (s/c+v or s/C). It is already obvious that this shift from the rate of surplus value which only sets the ratio between surplus value

287 Marx 1981, p. 33.
288 Heinrich 1999, p. 282.
289 Marx 1981, p. 139.
290 Murray 2014, p. 192.
291 Hegel 2010 [1813], p. 418.

and the creator of value, i.e. the variable capital employed in the production process (s/v), to a ratio that *also* accounts for the *components that do not create new value*, results in a lopsided view of valorisation. For Marx,

> [p]rofit … is thus the same thing as surplus-value, save in a mystified form, though one that necessarily arises from the capitalist mode of production. Because no distinction between constant and variable capital can be recognized in the apparent formation of cost price, the origin of the change in value that occurs in the course of the production process is shifted from the variable capital to the capital as a whole.[292]

The loss of the distinction between constant and variable capital however is constitutive to how capitalists perceive of their own act of 'advancement' of capital. Here is a first hint at how capital can 'appear as a relation to itself', namely in the fact that, for the capitalist and his 'investment', the 'capitalist cost is measured by the expenditure of *capital*, whereas the actual cost of the commodity is measured by the expenditure of *labour*'.[293] Here we can detect the importance of the concept of 'transformation' for Marx, which he uses as chapter and part titles throughout Volume III:[294] 'transformation', for Marx, is not simply an affair of relegating the mode of presentation towards different relational quantities, co-efficients or variables. The concept of transformation, carefully chosen by Marx, denotes a *reduction* or even *contraction*, not just with regard to the *informative content* of our view of the problem, but of the way that the *problem poses itself* to the vulgar perspective. Because the notion of profit relates the 'extra' value to the total capital invested, we will only be inclined to look for the difference between capital invested and the surplus it yields, without further questioning *which component* of the 'value' invested is productive of new value at all – they all equally seem to yield a 'profit'. Yet, 'the category of cost price has nothing to do with the formation of commodity value or the process of capital's valorization'.[295] The result of this shift or, indeed, *transformation* of the problematic is twofold: first, it abets the conflation of variable with *circulating constant* capital, muddling their respective share in the value composition of the product, and second, it abets the illusion that

292 Marx 1981, p. 127.

293 Marx 1981, p. 118.

294 As e.g., the titles of Part One and Two of the manuscripts to Volume III indicate, i.e. 'The Transformation of Surplus Value into Profit' and 'The Transformation of Profit into Average Profit'.

295 Marx 1981, p. 119.

profit is necessarily 'profit upon alienation', i.e. resulting from the circulation process of capital. The latter is a result of the former. For a better grasp of this crucial theorem related to the fetishism of the bourgeois relations of production, the 'transformation' from essence to appearance,[296] let us consider separately the two results of viewing all value components of cost price as equally yielding profit. As for the first problem arising from the concept of the rate of profit (s/C), this is still quite obvious. For the capitalists, the constant fixed capital used in production does not completely enter into the commodity's cost price at once and directly, but only partially (e.g. pump press machines require substitution only after several years of use). Both circulating capital and variable capital, however, appearing to the capitalist merely as costs in general, completely enter the cost price, because they are thoroughly used up in production (circulating capital as e.g. the paint needed for the fabrication of mock Olympic medals in pump pressing is physically used up after production comes to a halt). Hence, '[t]his difference between fixed and circulating capital in connection with the calculation of the cost price, thus only confirms the apparent origin of the cost price in the capital expended, or the price that the expended elements of production, labour included, cost the capitalist himself'. But with regard to value formation,

> the variable portion of capital, that laid out on labour-power, is expressly identified here with constant capital (the portion of capital consisting of production material), under the heading of circulating capital, and the valorization process of capital is completely mystified.[297]

This mystification, however, is not without consequence for the theory of the source of profit. In Chapter 1 of *Capital* Volume III, Marx arguably presents the clearest and most condensed critique of 'circulationist' theories of profit (or rather, of 'surplus') that demonstrate the fetishistic predicament of the theorists in question – predominantly Col. Robert Torrens and his *Essay on the Production of Wealth* (1821) – as well as pointing to the blind spot of the mechanism in which the concept of the profit and the rate of profit obfuscate the essential relation between capital and labour in the production process.[298] Two faulty premises here give rise to the fetishistic illusion that labour is just a

296 This transformation of essence to appearance, needless to say, pertains only to an *analytical distinction*. It does not occur anywhere in 'reality'.

297 Marx 1981, p. 124.

298 For reasons of space, Marx's critique of Torrens must be limited to sketching out the fetishistic component of circulationist theories of profit.

value component among others: first, for the capitalist, if a commodity is sold beneath its cost price, the capital expended cannot be fully replaced. If this process continues long enough, 'the capital value will disappear completely'.[299] If relations present themselves this way, it is very understandable that 'the capitalist is inclined to treat the cost price as the real *inner* value of the commodity, as it is the price he needs merely to preserve his capital'.[300] Second, however, as Marx says now with regard to Torrens, 'is the fact that the cost price of the commodity is the purchase price which the capitalist has paid for its production, i.e. the purchase price determined by the production process itself'.[301] The source of profit therefore must appear to consist in the *excess value over the cost price* of the commodity, realised with the sale of the commodity, in the

> excess of its sale price over its value instead of an excess of its value over its cost price, so that the surplus-value concealed in the commodity is not simply realized by its sale, but actually derives from the sale itself.[302]

Because the difference in the costs of production and the surplus gained from the sale apparently seems to spring *from the sale itself* – in that the difference is thought to consist between C and the sales price, not between k and C – the source of profit is determined to be in the circulation process, in 'profit upon alienation'.[303] This argument has already been presented in the 'Contradictions in the General Formula' in Chapter 5 of Volume I of *Capital*. But it is not until at this *exact point in the presentation*, with the specification of the concept of cost price, that we finally comprehend not only *that* a fetishistic illusion occurs, but also *why*. In other words, with the analysis of the notion of profit and cost price, we can determine the *mechanism* by which the fetishistic view of capital as a 'self-valorising force' takes hold of capitalism's self-understanding.[304] Needless to say, the fetishistic illusion of capital as a 'relation to itself', a relation of immediacy, will finally consolidate itself in the notion of interest-bearing capital. But it is already in Marx's discussion of profit that the inversion of subject and object, the structural mechanism by which capital's various fetishisms come into being, becomes central.

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299 Marx 1981, p. 128.

300 Marx 1981, p. 128.

301 Marx 1981, p. 128.

302 Marx 1981, p. 129.

303 For this argument, see Torrens's *Essay on the Production of Wealth*, London 1821, pp. 51–3 and 349, quoted in Marx 1981, pp. 128–9.

304 For a similar stress on the importance of Chapter 1 of Volume III of *Capital* for Marx's 'deconstruction' of the conventional theories of profit, see Murray 2014, pp. 208–9.

> … the way that surplus-value is transformed into the form of profit, by way of the rate of profit, is only a further extension of that inversion of subject and object which already occurs in the course of the production process itself … This inverted relationship necessarily gives rise, even in the simple relation of production itself, to a correspondingly inverted conception of the situation, a *transposed consciousness*, which is further developed by the transformations and modifications of the circulation process.[305]

Yet, if the problem at hand is one of a 'transposed consciousness' (*ein transponiertes Bewusstsein*), an epistemological problem arising from the capitalist mode of production itself, then why did Marx feel the need to abandon the investigation of the *qualitative dimension* of the relation between surplus value and profit for a *quantitative solution*?

First, it must be noted that the emphasis on a qualitative (or 'conceptual') problem that is at stake in the value-price-transformation, as analysed by Heinrich et al., is justified on the basis of Marx's method itself. In this sense, the transformation of values into production-prices is not a temporal-spatial act, but a conceptual-logical one.[306] However, what is at stake at this point of the investigation of the relation between value and prices of production (i.e., between the rate of surplus value, indicating exploitation, and the rate of profit in which any relation to exploitation is extinguished) is precisely what 'conceptual transition' ('*begrifflicher Übergang*', Heinrich) is *supposed to designate*. This is because, by saying that the value profit rate and the price-of-production profit rate denote different 'conceptual levels', one has in fact not said much yet. We are therefore inclined to ask the following: does Marx's diagnosis of a 'transposed consciousness' involved in the emphatically *unconscious* transformation from values to prices (of production) deliver significant epistemological insights for his own method of demystifying the concepts of conventional political economy? And if yes, does this involve that the relation between values and prices of production is exhausted in an epistemological problematic of the *qualitative* relation between essence and appearance, without further application of this relation? Or did Marx, by reducing the deep epistemological, i.e. *qualitative* challenge related to the transformation problem to a *quantitative* proof of the two axioms (sum of profit = sum of

305 Marx 1981, p. 136. Note how explicitly Marx identifies the concept of 'transformation' with a fetishistic inversion.

306 Heinrich points to the obvious fact that commodities are never sold at market values, only to be later 'transformed' into market production-prices. They are market production-prices *to begin with*. Heinrich 1999, p. 283.

surplus value; sum of prices of production = sum of values) at this point *abandon* his own fetishism-critical method and strategy? The centrality of Marx's critique of fetishism pivotal to the architecture of his intervention is specifically discussed at three conceptual trajectories: first, as the introduction to the theme of *Capital*, the conceptual development of *value* in Chapter 1 of *Capital* Volume I; second, in his introduction to the notion of profit in Chapter 1 of *Capital* Volume III; and third, in his deconstruction of the 'Trinity Formula' in Chapter 48 of the same volume. The *interrelation* of the three conceptual stages is crucial at this point, in that how they mediate the previous levels of abstraction with the new one is the *symptom* of the newly reached level of obfuscation or 'mystification'. At the same time, the analysis provides the key to unravel the mystification at hand: in the concept of profit, i.e., the notion of cost price as it presents itself to the capitalist, as well as in its real determination, we can explain how the appropriation of alien unpaid labour must disappear from the surface. The interrelation between this conceptual trajectory (i.e., value to price) and its analysis, however, is already manifested in the 'three particularities of the equivalent form' we were introduced to at the very beginning of Marx's analysis. In the equivalent form (money), it should be remembered, use value becomes the form of appearance of its opposite, value, concrete labour becomes the form of appearance of its opposite, abstract labour, and private labour becomes the form of appearance of its opposite, labour in immediately social form. These inversions are not simply one of the imagination. Money *in reality becomes value*, a social relation that mediates all concrete labours to one another by making them relate to itself as their common denominator, as abstract labour. In an additional further twist however, we can say that the category of value becomes the form of appearance of its opposite in the category of *price* (price of production and, at a further remove, market production-price). This is already obvious from the fact that money is always attached to the form of price. We can therefore add a *fourth peculiarity*[307] to the ones Marx lists in the first chapter of the first volume of *Capital*. With the price form as a fourth peculiarity, the mystification is completed. The 'obvious' dynamic of capitalism, located in movements of price, altogether erases any epistemological residues of unequal exchange between capital and labour. The 'obvious' dynamic of the capitalist mode of production, however, embodied in price

307 That is, if we base our argument on the text of the 'official', the fourth edition (1890). In the first edition, the fact that the 'fetishism of the commodity-form is more striking in the equivalent form than in the relative value-form' already forms a fourth peculiarity and is not yet, as in the subsequent editions, relegated to the separate Section 4 in the first chapter. In this case, mutatis mutandis, the price form would indicate a *fifth* peculiarity.

movements, is *competition*. Competition is the *necessary condition* that inadvertently leads to the equalisation of profit rates, so that it is also the inner mechanism or *cause* (*Grund*, in the Hegelian sense) for the emergence of prices of production. '*In competition, therefore, everything appears upside down*',[308] as Marx observes: average profits *seem to be* independent of the organic composition of capital, the wage level *seems to* determine rises and falls in the prices of production, fluctuations in market prices *seem to* reduce the average market price of a commodity to its production price, not to its value. Hence, at the level of *Capital* Volume III, the real mechanism of competition[309] informs the inversion of appearance and essence in the conventional understanding:

> The finished configuration of economic relations, as these are visible on the surface, in their actual existence, and therefore also in the notions with which the bearers and agents of these relations seek to gain an understanding of them, is very different from the configuration of their inner core, which is essential but concealed, and the concept corresponding to it. It is in fact the very reverse and antithesis of this.[310]

At this point, we can *retroactively determine the fetish-character of value* as it appears to us already at the very beginning of Marx's exposition in *Capital*. At the same time, we can finally comprehend why 'essence must appear'. Yet, the attempt to 'demystify appearance' is itself not indicative of a particular strategy. The strategy by which to achieve demystification, so to speak, lies outside its objective, is not 'automatically' provided by its *intended purpose alone*. We therefore confront the epistemological problem of the 'dialectic' of precondition (*Voraussetzung*) and result (*Resultat*) that Marx was very well aware of as a problem of the inversion of appearance and essence, hence of fetishism.[311]

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308 Marx 1981, p. 311.

309 This is not to say that competition is the *inner cause* for capital's need to obtain a share in social production's aggregate surplus value. The contrary is the case: the necessity of individual capitals to *self-valorise*, i.e. obtain a share in the social surplus value, constitutes competition in the first place. In a critique of Smith's notion of competition in the *Grundrisse*, this becomes clear: 'Competition executes the inner laws of capital; makes them into compulsory laws toward the individual capital, but it does not invent them. To try to explain them simply as results of competition therefore means to concede that one does not understand them'. Marx 1973, p. 752.

310 Marx 1981, p. 311.

311 'Every precondition of the social production process is at the same time its result, and every one of its results appears simultaneously as its precondition. All the production relations within which the process moves are therefore just as much its products as they are its conditions. The more one examines its nature as it really is, [the more one sees that] in

Here, we face it in the context of the value-production price transformation: while a coherent theory and concept of value is *presupposed* for the analysis of cost price, profit, and prices of production, it is *prices of production*, or rather market production-prices, *not the category of value*, that we are confronted with in reality, at the surface, as that which is *posited* as appearance. Yet, even accepting the objective of 'demystifying' the obvious as a given – 'all science would be superfluous if the form of appearance of things directly coincided with their essence'[312] – the question would be this: how did *Marx even know what he was supposed to look for*? How did 'value' become a key heuristic to defetishise the categories of bourgeois political economy – and how did it become a prerequisite by which to unravel the mystifications of capital? In the following, we will attempt to give a sketch, if for reasons of space only a brief one, of what we believe are answers to questions that Marx himself was not thoroughly aware of. In his monumental *Money as Measure, Means and Method. Calculating with the Identity of Time* (2014) (*Das Geld als Maß, Mittel und Methode. Das Rechnen mit der Identität der Zeit*), Frank Engster explores the condition of possibility of *uniformly relating the different kinds of labour* to one another through *money*. This, for him, is the fundamental epistemological question with regard to the value-price-transformation, revealing the status of Marx's critique.[313] The question here follows up on the method of inquiry posed above: even if we assume that 'essence and appearance never coincide', how does the inquiry – the investigation of the nature of price and a uniform rate of profit – point at 'its' inner core, namely the production of value and surplus value? Under which conditions could we, being confronted with *prices* only, assume their determination by *value* 'in the last instance (*in letzter Instanz*)'?[314] Engster suggests that the initial question – how do we get from value to price? – should be reversed: what permits us to go *from prices back to value*? This important question however hints at where Marx in fact *underestimates* the impact of his own

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the last form it becomes increasingly consolidated, so that independently of the process these conditions appear to determine it, and their own relations appear to those competing in the process as objective conditions, objective forces, forms of things, the more so as, in the capitalist process, every element, even the simplest, the commodity for example, is already an inversion and causes relations between people to appear as attributes of things and as relations of people to the social attributes of these things'. Marx 1989b, p. 507.

312 Marx 1981, p. 956.

313 'The status of Marx's critique of value is ultimately revealed only in the transformation and inversion of price'. Engster 2014, p. 615.

314 '… die Werte, die hinter den Produktionspreisen stehen und sie in letzter Instanz bestimmen'. Marx 1964 [1894], p. 219. Fernbach translates: '… (values) ultimately determine them'. Marx 1981, p. 311.

inquiry, namely that it supposes not only a quantitative, but both a *quantitative* and *qualitative incommensurability* of value and price. This is the real significance of the fetishistic illusion of the superficial presentation of the aggregate surplus value in profit rates: that they in fact *do not* and *cannot* correspond, neither in quantity, nor quality – and, yet, that they *need not*. We agree with Engster's view that the relation of value and price *must* be incommensurable, since the notion of 'price' itself is only a fetishised form of appearance of value. Therefore, we must not only concede a *quantitative incommensurability* concerning their magnitudes, but also of a *qualitative* one that points us to the fact that they address *different conditions of valorisation*, and, respectively, different relations of capital to itself. Engster expresses this in the notion of 'rupture' (*Bruch*): 'The essence of capitalist society, the valorisation of value, *appears* and *must* appear. It is not only ruptured by a definite unit (*maßgebliche Einheit*) [i.e. money],[315] in that this *rupture itself*[316] makes valorisation appear at all – with this rupture by a definite unit, all labours and all capitals are put into a total social proportion (*Verhältnis*) and transformed into prices. This rupture both comes to appear in the prices of commodities and in money, and is simultaneously obscured in them'.[317] Accordingly, the two incommensurables of value and price *cannot be overcome by money as the measure of value* (as e.g. in simple commodity exchange). First, Engster explains why the traditional attempts at quantitative 'solutions' to the transformation problem within the Marxist camp had to fail:

> The problem of transformation seemed to consist in the fact that one and the same *quality* – value – appears to be *quantitatively* determined in different terms, in so far as the values created by labour and the final prices (of production) diverged. The transformation was reduced to the attempt of a mere conversion (*Umrechnung*) of given quanta (labour quanta or labour time) into equally quantitative prices of production. If however, on both sides of the calculus, determinate quantities are already treated as given, then the transformation can only mean to converse two quantities *of the same quality*[318] and to determine their relation through

315 In literal translation, a 'measure-giving' unit: 'With money, the relation to a common unit takes place, in which all labours and commodities are put into proportion to another by mediation, in such a way that the realisation of commodity-relations also puts all labours into relation [to one another] by a definite unit of value'. Engster 2014, p. 611.

316 Emphasis added.

317 Engster 2014, p. 614.

318 Emphasis added.

> it. Moreover, the transformation of values into prices is understood as a spatial-temporal act. On the one hand, the transformation is performed as mathematical accounting (*Verrechnung*), which, on the other hand, must be carried out in space and time in order to put individual labour in relation to total labour in order to draw their average, and also to put the total sum of surplus value in relation to individual capitals to form the general rate of profit. The question however, which forms the basis of this transformation, namely, *why* the individual labours as well as their results can be put into *one and the same relation* and why this relation can be realised as an *identical* quality (a quality which consists in nothing but its *quantification*) – this question is uncritically left aside, above all because money as the 'locus' of the transformation is completely ignored … But while it is correct that value has no quantitative determination before price, and accordingly, in price, value quanta are not transformed, it is too hastily concluded [by Heinrich] that the level of value is merely 'conceptual-logical'.[319]

Second, Engster argues that value can never become the object of empirical verification:

> It is precisely the indeterminacy and 'vagueness' (*Unschärfe*) of value which … signalises its determinacy as *pure relation* (a relation in and for itself) and as the reality of social mediation. … Precisely because money is accompanied by the realised quality of 'value', and value is by all means (*unhintergehbar*) mediated by money and transformed into prices, the question of transformation poses itself at all. But this question must be asked in a different way than usual: because if value by all means appears as transformed into prices, and can never be known in any other way, then the transformation of values into prices must be *reverted*: why does it have to seem, by the appearance of prices, as though appearance was based on a *previously vague*, but ultimately *decided* relation? Why, in the category of price, does it have to seem that it results from a transformation of this relation into individual prices – a transformation, which cannot be reconstructed from determinate, given values, and which, viewed quantitatively, must rather remain indeterminate and insofar out of the scope of empirical verification?[320]

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319 Engster 2014, p. 612. Footnote.

320 Engster 2014, pp. 612–13, footnote 155. Christoph Deutschmann has also pointed to the

In Marx's quantitative transformation procedure it seems as though the non-empirical category of value *retroactively acquires an empirical, determinate quality* introduced by the concept of production price. But that would mean that values and prices were of the *same inherent quality*, so that the fetishistic displacement occurring through the ratio of the surplus to the total capital invested – Marx's own critical insight from the analysis of profit and cost price – no longer had a heuristic function explaining its necessarily fetishistic character.[321] Instead of emphasising the significance of the fetishistic illusion of price and the equalisation of profit rates that accounts for the 'upside down' view of conventional political economy, Marx *accepts* the premise of profit-rate equalisation *as a fact* to subsequently prove the *compatibility* of the sum of surplus value and the sum of profit, and of the sum of values with the sum of prices. It seems that his insights into the fetishistic character of competition and the formation of a general rate of profit,[322] fostering false assumptions about the essential dynamic of valorisation, and hence, the qualitative *incompatibility* of value and price, 'goes by the board'[323] in Marx's own quantitative transformation procedure. Against this background, attempts at denying Marx's clear claim as to the *numerical equivalence* of surplus value and profit[324] seem untenable. Hyeon-Soo, for example, drawing on Paul Mattick's estimation,[325] con-

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necessary 'indeterminacy' (*Unbestimmtheit*) and vagueness (*Unschärfe*) of value as precisely its *quality*, in contradistinction to price. See Deutschmann 2001, p. 99, quoted in Engster 2014, p. 612, footnote.

321 Himmelweit and Mohun seem to point at a similar argument concerning the systematic specific difference between values and prices of production: '… the development of capitalist competition does not introduce a deviation of prices from previously existing socially necessary labour-times, but instead gives those socially necessary labour-times an independent quantitative aspect they did not previously possess'. Himmelweit and Mohun 1981, p. 240.

322 '[With the formation of a general rate of profit], [the] actual difference in magnitude between profit and surplus-value in the various spheres of production … now completely conceals the true nature and origin of profit, not only for the capitalist, who has here a particular interest in deceiving himself, but also for the worker. With the transformation of values into prices of production, the very basis for determining value is now removed from view'. Marx 1981, p. 268.

323 Marx 1981, p. 268.

324 '… the difference in magnitude … was simply between rate of surplus value and rate of profit, and not between surplus-value and profit themselves'. Marx 1981, p. 267.

325 'There is no direct way of discovering a commodity's price in its "value", or, by a reverse procedure, of discovering its "value" in its price. There is no observable "transformation" of values into prices; and the value concept has meaning only with regard to total social capital'. Mattick 1969, p. 25.

tends: 'I am convinced that Marx has nothing to do with the attempt to derive the theory of capitalist economy (sic) and the price of production, among other things, immediately from the theory of value or, which is the same, Marx never intended "to descend from the general idea of value … by means of ever closer determinants to a direct determination of the prices of commodities".[326] … Value analysis does not deal with concrete capitalist relations of exchange, but especially with the disregarded and superficially unrecognisable realities, which form the basis of these exchange relations'.[327] This estimation is beside Marx's point, i.e. the intent to *scientifically prove* the equivalence of the aggregate sums in Chapter 9 of *Capital* Volume III. It also misrecognises Marx's *several* dubious attempts to 'explain away' the unresolved problem of 'untransformed' cost prices by way of calculus. If Marx were only interested in pointing to 'unrecognisable realities' (*nicht erkennbare Realitäten*), he could have saved himself the whole exposition of both chapters 9 and 10 in *Capital* Volume III. Yet, Marx was explicit in his intention to demonstrate how the process of capital's valorisation is not only *abstractly* based on the appropriation of alien labour without an equivalent, but how this can be proven in the *actually existing relations of production*, relations in which we are confronted with the fact of the equalisation of profit rates and the existence of *prices*. In Engster's view, Marx himself has conceived of the fetishism already thematised in the 'three particularities' in a 'new' way in his thematisation of the value-price-transformation. This, for Engster, becomes evident in the notion of 'rupture' (*Bruch*). While at the level of simple commodity exchange (i.e. commodity exchange considered at the most abstract level), it is merely *commodities* that engage in a social relation through a 'measure-giving' (*maßgebliche*) unit (money), but at the level of prices of production, not commodities, but *their* (*previous*) *production* is put into relation with the measure-giving unity in money-price. The rupture in both cases concerns value itself – first, insofar as it pertains to the rules of value's process of valorisation (the production process of capital) and, second, its appearance in price. The rupture then includes 'the complete difference between, on the one hand, the becoming of value through its valorisation and, on the other hand, its finished appearance as price at the surface of society'.[328] In the concept of price, therefore, 'the *whole essence of valorisation must necessarily appear in inverted form* – if only by the fact that value, while being by all means a *total social* relation and a total social *process of valorisation*, appears in the price of a

326 Korsch 1939, p. 159. Quoted in Mattick 1969, p. 49.
327 Hyeon-Soo 1995, p. 193.
328 Engster 2014, p. 615.

commodity in an immediate and singular, explicit and final fashion'.[329] In other words, the difference between value and price can only appear as their *rupture*. This is especially true for the implicit argument Marx makes with regard to the fetishistic transformation – and yet, he was intent on deriving the obvious, 'apparent' form from its fundamental social grounding in value *quantitatively*. Interestingly, Engster's notion of rupture between the rules of valorisation in the process of production and the appearance of singularly 'explicit' prices, is quite the opposite of Uno's notion of a 'gap'. For Uno, the systematic gap in the form in which the law of value 'accomplishes' the production process, namely the 'fluctuations of price', bears no relation to the fetishistic view of the laws of valorisation itself. Hence, for Uno, Marx was wrong to hypostatise the substance of value as the guiding principle under which the forms of value assume different forms of appearance, for, in Uno's view, *form subsumes substance*. The process of reproduction for Uno therefore cannot be meaningfully explained by the 'substance theory of labour value' alone, but must be supplemented by the notions supply and demand in its relations to the conditions of production. The opposite is the case for Engster: because valorisation (a term Uno never uses in this context) must be reflected in commodities as the products of capital, valorisation appears as the *singular price of a singular commodity* – i.e. in necessarily inverted form – although valorisation always concerns the relation of the *total social labour* and the *total capital* invested in total social production.

For Uno, the 'transformation problem' does not present itself as a problem of fetishism at all – to the contrary: at this stage of the presentation, according to Uno, Marx had unwittingly confronted his own shortcomings in the theory of value. To ultimately show how this estimation owes to Uno's deep misunderstanding of the concept of value, let us turn to the law of value as the law, not of social equilibrium, but of *crisis*.

4.4 The Law of Value as the Law of Crisis (Marx)

As we have indicated above, the capitalist crisis of valorisation for Uno presents a 'breakdown' in the law of value, not a consequence of the 'law' of value itself. In the following chapter, we will counter this view by demonstrating that the theory of crisis is *tantamount* to the law of value itself – and vice versa. The 'law of crisis' so fundamental for understanding capitalist relations, therefore coin-

329 Engster 2014, p. 615.

cides with the 'law of value', and more precisely, its inherent contradictions: 'To understand Marx is to understand in what sense the theory of value *is* the theory of crisis'.[330] What follows is that Marx's theory of crisis, is the *persistent underlying theme* of his value theory, even if it is nowhere coherently and systematically elaborated in his published and unpublished works. What follows from this, too, is that Marx had no 'different crisis theories',[331] but only one theory of crisis. That is, no separate mechanism often associated with explaining both the secular and periodic crisis – such as underconsumption, disproportionality, or the 'law of the tendency of the rate of profit to fall' – can sufficiently account for the logic of crisis already at work in the logic of an economic system solely oriented towards the appropriation of surplus value. As we will see in short, the potentiality of crisis is already contained in the contradictory character of the capitalistically determined commodity, consisting both of use value and value. While the dominant interpretative strands of underconsumption, disproportionality, and the falling rate of profit theories, can all be found in Marx at various points, none of them *taken in isolation* can give a holistic explanation – not of why the capitalist mode of production is bound to be 'crisis-ridden', but of why *capitalism itself is the crisis*, characterised by the fundamentally contradictory conditions of its (re)production and its valorisation. For Marx, the capitalist system is constituted through a processual contradiction between its 'voracious appetite for surplus labour' through constant development of the forces of production without limit, and the inner limit that capital imposes on itself in terms of profitability – not the market. The market, for capital, is only another barrier to be overcome by the unlimited development of the forces of production. Hence, the market expands and contracts according to the level of the forces of production. This phenomenon, too, is a premise given by the very way in which commodities are produced under capitalist conditions – directed solely at profit, presupposing overproduction without regard to the 'purchasing power' of the market. We will return to this crucial property of production in the forthcoming section.[332] As shown

330 Bellofiore 2011, p. 95.

331 That Marx had 'different crisis theories that can be derived from *Capital*' is a dominant view. See e.g. Bellofiore 2011, p. 82.

332 In his critique of Ricardo's theory of accumulation, Marx stresses that overproduction, as a result of that tendency, remains unaffected by the presumed limits of the market: 'Overproduction is specifically conditioned by the general law of the production of capital: to produce to the limit set by the productive forces (that is to say, to exploit the maximum amount of labour with the given amount of capital), without any consideration for the actual limits of the market or the needs backed by the ability to pay; and this is carried out

in Chapter 3, the contradiction of money as the physically palpable expression of a purely social relation, value, hence, as a *value form*, finds its exacerbated mode of expression in *capital* as the more developed value form, a 'moving contradiction'. For Marx, this contradiction is inherently manifested in the very mode in which capital produces value (commodities), namely precisely by constantly depressing the value of the labour power commodity which functions as the exclusive source of value in the process of production. The production of relative surplus value, the technical term for the 'development of the forces of production without limit', coincides with real subsumption insofar as its technical employment shows not only how capital produces (commodities), but produces *itself*.[333] Therefore, as soon as real subsumption has taken hold of the production process as a *necessary, by no means contingent* development of the forces of production, the inherent contradiction comes to the fore in the following way:

> Capital itself is the moving contradiction, [in] that it presses to reduce labour time to a minimum, while it posits labour time, on the other side, as sole measure and source of wealth. Hence it diminishes labour time in the necessary form so as to increase it in the superfluous form; hence posits the superfluous in growing measure as a condition – question of life or death – for the necessary. On the one side then, it calls to life all the powers of science and of nature, as of social combination and of social intercourse, in order to make the creation of wealth independent (relatively) of the labour time employed in it. On the other side, it wants to use labour time as the measuring rod for the giant social forces thereby created, and to confine them within the limits required to maintain the already created value as value.[334]

This passage does not appear randomly in the *Grundrisse*. The manuscripts of the *Grundrisse*, as well as those of the *Theories of Surplus Value*, provide the fullest account of crisis in Marx's economic-critical work. It is worthwhile to mention that the writing of the manuscripts was accompanied by what counts as one of the first worldwide economic crises in history, the 'finan-

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through continuous expansion of reproduction and accumulation, and therefore constant reconversion of REVENUE into capital …' Marx 1989b, pp. 163–4.

333 '… it is necessary to describe the circulation or reproduction process before dealing with the already existing capital – capital and profit – since we have to explain, not only how capital produces, but also how capital is produced'. Marx 1989b, p. 143.

334 Marx 1973, p. 706.

cial panic' in the United States of 1857–61. Both Marx and Engels were intrigued by this first 'global' crisis, and Marx concentrated his theoretical efforts on elaborating on its cause.[335] The 1857–8 manuscript of the *Grundrisse* hence takes its vantage point from the critique of the predominant theories of money, exemplified in Proudhon and Proudhonians like Darimon. It also provides a rich source for Marx's conceptualisation of crisis that he, not too accidentally, developed alongside his theory of surplus value. The kernel of his theory of production, circulation and distribution from which he develops the concepts of his critique of the political economists (necessary labour, surplus labour, surplus value, the rate of surplus value, etc.) has been first developed in this unpublished manuscript, and the corresponding passages in the later 1861–3 manuscripts (*Theories of Surplus Value*). References to the fundamental theory of crisis, in the metamorphosis of the commodity, and in the contradiction of money as a means of circulation and means of payment, are also delivered throughout *Capital*, but in his later work, references to crisis are more scattered. In the next section, we will look at the topic of the inherent contradiction of the capitalist mode of production, predominantly expressing itself in money, more closely, both in the *Grundrisse* and in the *Theories of Surplus Value*, as well as *Capital*. After that, the much debated issue of the 'law of the tendency for the rate of profit to fall', of which we have only Engels' account in the third volume of *Capital*, will be elucidated as one *expression* of the more fundamental contradiction that manifests itself as the result of the rising organic composition of capital, which however *itself* results from the 'development of the forces of production without limit' and the production of relative surplus value. In this context, we are well advised to look more closely at the rejection of Marx's proof of the falling rate of profit, prominently formulated by Michael Heinrich, to draw attention to not only the unfinished character of the context in which the law is formulated, but also its questionable foundations as a systematic law of crisis. We attempt to show that Marx, similarly to his underestimation of his own fetish-critical method with regard to the transformation problem, the 'law of the tendency of the rate of profit to fall' presents much less an insight into his own analytical framework as the framework that he otherwise confronts political economy with, namely that the 'drive' to valorisation contradicts its own foundations in the process of circulation: the production for the sake of *surplus value* (profit). The discussion of Marx's view on crisis will conclude with the expression of the fundamental contradiction of a mode of produc-

335 See Goldberg 1987.

tion that is solely oriented towards tearing down the barriers to the creation of abstract wealth, and precisely by tearing down these barriers, reproduces them at a higher and more conflicted level.

These accounts serve to put Uno's theory of business cycles and his equilibrium theory of social reproduction into the context of Marx's own conceptualisation. At the end of this chapter, we will therefore revisit aspects of Uno's theory of 'crisis' in the *Principles*, insofar as we haven't discussed them yet.[336] Uno's emphasis of the supply of labour power as the *sine qua non* of capitalist production, so that the expansion of production with the given technical method is *potentially unlimited*,[337] as well as his rejection of the possibility of overproduction, will be countered with Marx's understanding. Again, this chapter will draw attention to Uno's theoretical parallels with classical bourgeois economy, especially Ricardo, in their view of crisis. Finally, and in contrast to this, we hope to demarcate the ways in which Marx, much rather than offer a technical-mechanical 'theory' of crisis, as Simon Clarke puts it, '[offers] a fundamentally different foundation for the analysis of the capitalist economy from that on which bourgeois economics is built'.[338] In that sense, it is because of the contradictory process of the development of the forces of production, due to the appropriation of surplus value and the conditions of profitability of the same surplus value – a contradiction not even fathomed by his predecessors – that, for Marx, the theory of crisis lies 'at the heart' of the critique of political economy.[339]

4.4.1 *The Inherent Contradiction of the Capitalist Mode of Production (1): Money*

What is an economic crisis? Before we come to Marx's 'deflated' definition – the possibility of a crisis is already given in the separation of purchase and sale in

336 Within the theory of the business cycle which we have briefly presented in 4.1., Uno has more specifically a) a theory of surplus population, b) a theory of cyclical crisis in relation to the renewal of fixed capital, and c) a theory of a cyclical falling rate of profit based on 'profit squeeze', which are all loosely connected. They will be discussed later in this chapter.

337 '... there is no inherent limit to the accumulation of capital so long as capital is well supplied with labour-power, which it cannot directly produce, in the form of surplus population. Hence, so long as labour-power is available, there is no theoretical reason why capital may not continue to expand its production with the given technical method'. Uno 1980, p. 88.

338 Clarke 1994, p. 285.

339 See Clarke 1994, p. 279.

the capitalistically produced and therefore money-mediated commodity – let us turn to a more general definition generally in line with the macroeconomic view:

> An economic crisis is a situation in which the reproduction of an economic unit is suddenly compromised, typically when it is unable to meet its contractual obligations. A crisis may be generalised from one unit to the system as a whole, with the crisis being transmitted through a breakdown of the financial system as one failure provokes others and undermines the confidence of investors.[340]

A good theory of capitalist crisis should not only cover the ground relating to the specific instances where this inhibited valorisation occurs, or which sectors of the economic system it may expand (i.e. financial system, banking) but should be able to encompass the conditions of the problem to include the foundations on which the distribution or circulation of total social capital rests, and that is the process of production. Hence, in the *Grundrisse*, Marx observes that

> The result at which we arrive is, not that production, distribution, exchange and consumption are identical, but that they are all elements of a totality, differences within a unity. Production is the dominant moment, both with regard to itself in the contradictory determination of production and with regard to the other moments. The process always starts afresh with production. That exchange and consumption cannot be the dominant moments is self-evident, and the same applies to distribution as the distribution of products. As distribution of the agents of production, however, it is itself a moment of production. A definite [mode of] production thus determines a definite [mode of] consumption, distribution, exchange and definite relations of these different moments to one another.[341]

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340 Clarke 1994, p. 74. For Joseph Schumpeter, one of the few bourgeois theorists who takes crisis seriously as a theoretical problem, this 'inherent' character of economic crisis is not a necessity: 'Of course, there can be no doubt that the phenomenon of crisis essentially belongs to the sphere of the economy. But it is by no means certain that it belongs to the *essence* of the economy, or even to just some economic form in the sense that it necessarily results from the effects of factors in the economy left to themselves'. Schumpeter 1911, p. 417. Original emphasis. Translation our own.

341 Marx 1986 [1857–61], 36.

An adequate theory of crisis therefore 'must be a theory of the dynamics of the capitalist mode of production which establishes the tendency to crisis as something inherent in those dynamics'.[342] This is precisely Marx's claim to his own theory with which he confronts conventional political economy. Quite an influential theory of both money and crisis in Marx's time was Proudhon's and his school's, which forms the starting point of Marx's criticism in the *Grundrisse*. The passage quoted above sets the methodological tone for the critique of Proudhonist positions and especially their view of crisis.

'The Chapter on Money', which forms the first part, begins with a review of Darimon's *De la Réforme des Banques* (1856). By the 1850s, Proudhonian socialism has moved away from questions of social distribution and the view of property as 'theft' and shifted its emphasis to circulation, especially of money and the means of consumption. In sum, the Proudhonian socialists believed that the ultimate cause for crisis was to be detected in the obstacles to commodity circulation (commodities as means of consumption), caused by the shortage of money. They saw capital and money precisely as a hindrance to free exchange relations, a position already held by Proudhon in his early 'Qu'est-ce que la propriété?' (1840).[343] Proudhon's followers 'believed that a system of free credit, unconstrained by the limits of metallic convertability [hence the idea of 'labour certificates' and the 'People's Bank'] would eliminate both the capitalistic exploitation of the producers by the bankers, and the periodic crises to which the system of metallic money gave rise'.[344] They equally rejected a revolution of the conditions of production which would overcome the antagonistic social classes in the production process – capitalists and labourers – since they primarily regarded bankers as the beneficiaries of the economic system, not the capitalist class as a whole. By the same token, they did not view the capitalist system as one in which private property of the means of production presented the *differentia specifica* against other historical formations. This view of money shortage as the cause of crisis made Marx formulate a per-

342 Clarke 1994, p. 74.

343 See Proudhon 1994 [1840].

344 Clarke 1994, p. 125. See Darimon, in *De la Reforme des Banques* (Paris 1856): 'Donc, dironsnous à notre tour en manière de parenthèse, c'est à ce privilège, dont jouissent l'or et l'argent, d'être les seuls instruments authentiques de circulation et d'échange qu'il faut attribuer non-seulement la crise actuelle, mais les crises périodiques qui frappent le commerce. C'est à cause de cela que les banques, au lieu de venir en aide à l'industrie dans ces moments difficiles, n'ont jamais servi qu'à précipiter sa ruine.' Darimon 1856, p. 6. See also: 'The root of the evil is the predominance which opinion obstinately assigns to the role of the precious metals in circulation and exchange.' Original quote in Darimon 1856, pp. 1–2. Quoted in Marx 1973, p. 115.

tinent critique of 'quantitative money theories' (also conducted against the currency school in the *Contribution* and the third volume of *Capital*). At the same time however that the Proudhonists demand 'free credit' (*crédit gratuit*) to circumvent the obstacles to consumption, they reject money and strive to abolish the money form as universal equivalent by bestowing 'all commodities' with the monopoly of purchase.[345] Instead, labour certificates should substitute metallic money, the 'root of the evil'.[346] In his critique, Marx made clear – often polemically – that Darimon failed to understand the difference between the need for money as *money* (unifying the functions of being the measure of value/measurement of prices and means of circulation) and the need for money merely as means of circulation. Most of all however, Darimon failed to comprehend that the character of money as the universal equivalent already *presupposes* a particular form of social production:

> The real question is: does not the bourgeois system of exchange itself necessitate a specific instrument of exchange? Does it not necessarily create a specific equivalent for all values? One form of this instrument of exchange of this equivalent may be handier, more fitting, may entail fewer inconveniences than another. But the inconveniences which arise from the existence of every specific instrument of exchange, of any specific but general equivalent, must necessarily reproduce themselves in every form, however differently.[347]

The misconception of solving the limited means to the access of consumption by either inflating the quantity of money or by wresting the monopoly position from metallic money to 'debase' gold and silver as the 'gods of commodities', is based on the failure to comprehend the function of money as the mediator of the different kinds of labour in one specific commodity, and likewise on the failure to see money as 'abstract-general, social labour'.[348] Hence, in

345 'Then you no longer have the specific evils of gold and silver money, or of notes convertible into gold and silver. You abolish all evils. Or, better, elevate all commodities to the monopoly position now held by gold and silver. Let the Pope remain, but make everybody Pope'. Marx 1973, p. 126.

346 Darimon 1856, p. 1. Quoted in Marx 1973, p. 115.

347 Marx 1973, p. 127.

348 Marx 1989b, p. 135. Here is not the place for a general critique of Proudhonism. Suffice it to say that Proudhon, in Brentel's words, is the paradigmatic 'theorist for the necessary *semblance* of the bourgeois mode of production, the semblance of simple circulation' (Brentel 1989, p. 209) in that Proudhon takes simply commodity exchange to represent the *essence* of capitalist relations, devoid of the conceptual presuppositions of unequal

a crisis, commodities (in the form of commodity capital) remain unsold – not because there is not enough money to effect the exchange, but because there is nothing '*against which* they can be exchanged'.[349] The problem is not the shortage of money as the means of circulation to facilitate exchange, but a shortage of money as *equivalents for the commodities themselves*: precisely because in a crisis money no longer fulfils the function as *a measure of values*, as a measure of the socially necessary labour time expended in production, the commodity cannot be sold. In other words: in a crisis, money no longer measures the labour time of the commodity it is confronted with – it is no longer 'valuable'. Inflation only abets this problem – while the quantity of money grows, its value diminishes, and is less and less capable of representing the value of commodities. In this respect, in a crisis, inflating money as a means of circulation will never solve the more fundamental problem of money's incapability to function as the measure of value. In a situation of crisis, therefore, capitalists cannot *realise* the value of their commodities. In money, we already confront the basic contradiction between its function as a means of circulation and its function as the measure of value: '… none of [the various forms of money] can resolve the contradictions inherent in the money relationship, they can all only express these contradictions in one form or another'.[350] The task then would be to determine the character of money at its most basic level to see how the germ of crisis already consists in the concept of money itself.

4.4.2 *The Inherent Contradiction of the Capitalist Mode of Production* (2)*: Say's Law*

The metamorphosis of the commodity is a good indicator for a more general view of this task. In relation to the metamorphosis, in the *Grundrisse*, the *1861–63 Economic Manuscripts*, and *Capital*, Marx makes the most 'abstract' obser-

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exchange between labour and capital that Marx's analysis of the money already contains. Unlike Marx who views the contradiction between use value and value *as an objective phenomenon* at the heart of the contradiction in the capitalist mode of production, Proudhon saw the contradiction between value and use value merely as a principally *rectifiable flaw* within capitalist relations. This understanding ultimately culminates in a normative-subjective theory of value, directed towards a harmonic system of exchange where commodities are always exchanged in 'just' proportions of the directly and immanently measured labour time they contain. For Proudhon, money is therefore not a specific social relation necessitated by the objective contradiction between value and use value, but a corrigible flaw of a principally harmonious system of exchange in capitalism. For a detailed account of Proudhon's economic views, see Brentel 1989, pp. 187–242.

349 Clarke 1994, p. 126. Emphasis added.

350 Marx 1986 [1857–61], p. 61.

vations in relation to crisis. The discussion of the potentiality and actuality of crisis is here embedded in a critique of the dominant law of classical – and today, neoclassical – economy: Say's Law, on the one hand, and Ricardo's theory of accumulation on the other.[351] Let us first deal with Marx's critiques of Say's Law as a problem of the contradiction manifested in money and exchange before we move on to Marx's critique of Ricardo's theory of accumulation as a problem of the contradiction in production, the latter which can be considered the culmination of Marx's critical insights. According to the influential French economist Jean-Baptiste Say (1767–1832), '[a] product is no sooner created, than it, from that instant, affords a market for other products to the full extent of its own value'.[352] For Say, in sum, crises on the market cannot occur, because 'every seller brings his own buyer to the market with him'.[353] Say's Law therefore postulates that every sale is a purchase and every purchase a sale, implying a general equilibrium. Marx confronts the equilibrium theory of social reproduction which we have already encountered in Uno on three levels: a) in the formal or 'abstract' possibilities of crisis in the simple metamorphosis of the commodity, b) in the misrecognition of the relations of capitalist production in which capital confronts the labourer not as 'consumer'/'customer', but as the living source of profit, and c) in the substantial reality of *overproduction crisis*, conditioned by the tendency of the total growth of capitalist production (unconditioned by the market). Let us consider these three objections, which appear unsystematically over the *Grundrisse*, the *1861–63 Economic Manuscripts*, and *Capital*, in a more systematic form:

a) Directing his argument against J.B. Say, for Marx, the metamorphosis of the commodity, C-M-C, already presupposes that the sale of the commodity potentially does not happen smoothly at all. It is here, in simple circulation, that the *formal possibility* of crisis already becomes apparent:[354]

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351 The relation between the two is obvious since, as Brentel observes, 'Marx criticises Ricardo because of the adaptation of Say's harmonious model of reproduction, according to which no general overproduction of commodities, or "no general glut of the market" … is possible, and points to the origins of this view in James Mill who insinuates a "metaphysical balance of sellers and buyers", a view that developed into the claim of the identity of supply and demand being solely determined by production itself'. Brentel 1989, p. 163.

352 Say 1834 [1803], p. 138. Also, for Say, '[as] each of us can only purchase the productions of others with his own productions – as the value we can buy is equal to the value we can produce, the more men can produce, the more they will purchase'. ibid., p. 3.

353 Marx 1976, p. 208.

354 Marx here only presents the most formal and abstract exchange (simple circulation) in which the concepts of credit, profit and fully established capitalist relations are not yet considered. Economists, however – like J.S. Mill for example – mistake their own presentation resting on barter or money-mediated barter for *developed* capitalist exchange rela-

> The possibility of a crisis, in so far as it shows itself in the simple form of metamorphosis, thus only arises from the fact that the differences in form – the phases – which it passes through in the course of its progress, are in the first place necessarily complimentary and secondly, despite this intrinsic and necessary correlation, they are distinct parts and forms of the process, independent of each other, diverging in time and space, separable and separated from each other. The possibility of crisis therefore lies solely in the separation of sale from purchase.[355]

According to Marx, '[nothing] can be more foolish than the dogma that because every sale is a purchase, and every purchase a sale, the circulation of commodities necessarily implies an equilibrium between sales and purchases'.[356] The commodity is useless if it is not converted into money. However, even when 'the first difficulty'[357] – the metamorphosis C-M – is solved, the new owner of money does not need to immediately purchase a use value, i.e. throw her money back into circulation. The immediate identity of the exchange of one's own product with the acquisition of someone else's is split up into two processes which are not necessarily reconcilable: hence the possibility of crisis already at the level of simple circulation. The necessity of an inner unity of the autonomously existing acts of purchase and sale hence must manifest itself 'violently', i.e. in *crisis* – which gives proof that their *'internal unity moves forward through external antitheses*'.[358] It is the inverted presentation of use value in value, concrete in abstract labour, performed by the universal equivalent, money, which presents a barrier to the act of exchange. Exchange exacerbates the fetish character of money at the level of circulation. Marx contends:

> There is an antithesis, immanent in the commodity, between use-value and value, between private labour which must manifest itself simultaneously as directly social labour, and a particular concrete kind of

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tions and therefore only 'explain the possibility of crises, by no means explain their actual occurrence. They do not explain why the phases of the process come into such conflict that their inner unity can only assert itself through a crisis, through a violent process'. Marx 1989b, p. 133. Marx does not so much criticise the attempt to only present the 'possibility' of crisis – which he does himself – as the fact that economists like Mill take the presentation of crisis in simple circulation for a presentation of fully *developed* relations. See Marx 1976, p. 209, footnote 24 and Marx 1973, p. 198.

355 Marx 1989b, p. 133.

356 Marx 1976, p. 208.

357 Marx 1989b, p. 138.

358 Marx 1976, p. 209.

> labour which simultaneously counts as merely abstract universal labour, between the conversion of things into persons and the conversion of persons into things; the antithetical phases of the metamorphosis of the commodity are the developed forms of motion of this immanent contradiction.[359]

Again, as with the Proudhonians, Say and his followers misrecognise the deeper characteristics of the role of money. They fail to see it as the mediator of different kinds of privately performed concrete labour in a social context, as *abstract labour*, and therefore as the materialisation of *any*, and, at the same time, *no particular* kind of labour. In direct or money-mediated barter, as which the classical economists, including Say, view the exchange of commodities *sub specie aeternitatis, not capitalis*,[360] this difficulty does not arise.[361] Here, exchange takes place because what is demanded is *use value*, and money only 'facilitates' this process. If the end of the exchange is a particular use value, there should be no reason why every purchase should not be a sale and vice versa. Under these 'eternal laws of human interaction' or the 'proclivity to exchange', i.e. under the conditions of barter, the equalisation of supply and demand, in which Say and also Uno believe, is indeed possible. But these economists forget that in a *capitalistically determined money economy*, the difficulty of transforming a commodity – the particular product of individual, concrete labour – into *its opposite*, money – abstract-universal, *social* labour – is that 'money does not appear as the particular product of individual labour',[362] so that 'the person who has effected a sale, who therefore has commodities in the form of money, is not compelled to buy again at once, to transform the money again into a particular product of individual labour'.[363] This is the way of a society in which use value is not the aim of production. Like Say, Ricardo is unaware about the specific character of money as the expression of abstract and general human labour, and reduces money to a simple means of exchange of a more or less 'balanced' exchange process, directed towards use value. Marx therefore con-

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359 Marx 1976, p. 209.

360 In contrast to Marx who views these relations '*sub specie capitalis, not sub specie aeternitatis*'. Marx 1987, p. 130.

361 See also the corresponding passage in the *Grundrisse*: 'After the economists have most splendidly shown that in barter, in which both acts coincide, does not suffice for a more developed form of society and mode of production, they then suddenly look at the kind of barter which is mediated by money as if it were not so mediated, and overlook the specific character of this transaction'. Marx 1973, p. 198.

362 Marx 1967 [1861–63], p. 510. Own translation.

363 Marx 1989b, p. 139. See also Clarke 1994, p. 169.

tends that Ricardo's insights mark 'a return not only to the time before capitalist production, but even to the time before there was simple commodity production; and the most complicated phenomenon of capitalist production – the world market crisis – is flatly denied, by denying the first condition of capitalist production, namely, that the product must be a commodity and therefore express itself as money and undergo the process of metamorphosis'.[364] What follows from this is that precisely because production is oriented towards the production of value and surplus value, not use value, and hence *not* directed towards *social need*, there is *no necessary relation* established between the supply of commodities as use values and the demand for them.[365] In capitalism, to use this infamous term for once, use values are only ever produced because they serve as the *bearers of* (*surplus*) *value*, not to satisfy a need. From this also follows that the market cannot have the function of limiting or expanding demand. Demand in fact does not present a decisive criterion for production at all. It is therefore also in the context of the contradiction inherent in production itself, not only in the contradiction inherent in the exchange of commodities, that Say's Law must be confronted. Marx does so by rejecting the impossibility of overproduction implied by Say's Law and reiterated by Ricardo. Needless to say, our context shows that the arguments directed against them must be repeated against Uno's claim that 'generally, overproduction does not occur'.[366] Before we move to confronting the problem of general overproduction, let us confront a further problem in Say's Law:

b) In the beginning of the section on the 'Contradictions between Production and Consumption under the Conditions of Capitalism. Transformation of the overproduction of leading articles of consumption into general overproduction' in Notebook XIII of the *Theories of Surplus Value*, which addresses Ricardo, Marx discusses the conditions of reproduction and consumption of labourers (in both his own and Ricardo's example, weavers). Ricardo, as a follower of Say's Law and like Say himself does not acknowledge the possibility of general crisis or a crisis of overproduction because the exchange of the total social aggregate should always happen without obstruction – every commod-

364 Marx 1989b, p. 132. (MECW 32).

365 Clarke 1994, p. 127.

366 Uno 1964, p. 207. Uno: 'The phenomenon of crisis is not directly caused by an overproduction of commodities. Both the means of production and the articles of consumption that capital requires for its expanding reproduction are produced, as they are socially regulated by the movements of prices, so that no general over-production of commodities is theoretically possible [rather: 'so that, generally, overproduction does not occur']. Some partial over- and under-production of commodities are indeed unavoidable, but these must eventually be corrected by the movement of prices'. Also see Uno 1980, p. 121.

ity will find its buyer. But what about the product that the direct producers, the labourers, do in fact produce themselves, like machinery, but do not buy? The labourer herself does not own the conditions of the means of the realisation of her own labour. She is not a 'customer' or 'consumer' of capital in the circulation process – even if she, by expending her labour power, 'consumes' capital in the process of production by producing new value. But she can never represent demand for any other commodities than those which enter into individual consumption:[367]

> Hence nothing is more ridiculous than to speak of the identity of producers and consumers, since for an extraordinarily large number of TRADES – all those that do not supply articles for direct consumption – the mass of those who participate in production are entirely excluded from the purchase of their own products … This also shows the ambiguity of the word consumer and how wrong it is to identify it with the word buyer. As regards industrial consumption, it is precisely the workers who consume machinery and raw material, using them up in the labour process. But they do not use them up for themselves and they are therefore not buyers of them … nothing is more absurd as a means of denying crises, than the assertion that the consumers (buyers) and producers (sellers) are identical in capitalist production. They are entirely distinct categories.[368]

This is already apparent in the fact that the landlord does not produce anything, but consumes – and the same goes for 'moneyed interest', i.e. the banking sector. Say's Law, to sum up, fails as soon as it is employed upon the actual relations of the capitalist mode of production. Because the contradictions of this mode of production, most notably the contradiction between capital and wage labour, are 'erased in their imagination' (*wegphantasiert*), they cannot develop an adequate theory of crisis.

c) In the problem of overproduction, the *formal* contradiction embodied in money, has hence turned into a *substantial* one. Marx here confronts Say's

367 With the presentation of the 'Reproduction Schemas' in Chapter 4.2., we have seen that v can only ever substitute a part of the invested capital, never the total capital invested. Hence, Marx not only rejects equilibrium theories like that of Destutt de Tracy, which claim that the consumers buy back what they produce (see Marx 1978, pp. 556–65), but also rejects theories of crisis that see the failure in social reproduction to 'find buyers' for the aggregate products, i.e. theories of underconsumption.

368 Marx 1989b, pp. 147–8.

Law to demonstrate the *actual tendency*, and not just the *possibility* of overproduction. The tendency of overproduction cannot be circumvented by the 'regulation of the market', since the market itself is fundamentally dependent on the development of the forces of production. It may appear as though a shortage in money, as the Proudhonians believed, hampers the realisation of value. But in order to understand that this 'formal' barrier to valorisation has its origin in the 'substantial' one in the way that general capitalist production is organised, we have to look at the implications of the realisation of *surplus value*. Indeed, the first systematic (not temporal) barrier the total social product (consisting of commodities) confronts is the transformation of the products into money, as we have seen in the contradictory moments within exchange. In a second step, however, it is not only the *value* that has to find its money equivalent to realise the product, but the product's *surplus value*. This surplus value, again, must meet its monetary equivalent in order to be realised. The problem of extended reproduction is therefore confronted with the conversion of a surplus value consisting in commodities into even more money, as we have seen in Chapter 4.2. But the money equivalent of the surplus mass of commodities cannot be 'conjured out of thin air (nor created by a banker)'.[369] Marx, methodologically presupposing 'capital in general', not individual capitals, shows in Volume II of *Capital* that the money for the realisation of the surplus comes from the *other capitalists* involved at a different point in the total circulation of the aggregates. As Clarke observes:

> [The money for the realisation of the surplus] can only exist if capitalist production has also taken place elsewhere, producing an equivalent surplus value embodied in commodities against which the first can be exchanged. Behind the need for a consumer of the increased production, therefore, lies the need for another capitalist producer whose activity will have promoted the increase in demand … Behind the growing market required to absorb the growing product, therefore, lies the systematic growth of capitalist production.[370]

This 'systematic growth' can only express itself in a general overproduction. Consequently, the market constitutes no external barrier to this systematic growth. It is solely conditioned by the mode of existence of the capitalist form of production, the production oriented towards surplus value, neither towards

369 Clarke 1994, p. 134.
370 Clarke 1994, p. 134.

needs, nor towards 'the consumer'. This is yet another way in which Say's Law or the law of a necessary equilibrium is based on dubious foundations when it is confronted with the organisation of capitalist production.

4.4.3 *The Inherent Contradiction of the Capitalist Mode of Production (3): Overproduction*

If, however, the inner barrier to capitalist production is not set by the market or consumption, but by the organisation of production in terms of profitability itself – how does it work? And how does the fundamental contradiction – the development of the productive forces without limit and the limit simultaneously set to the very foundations of the same development, namely the reduction of the value of labour power – necessarily culminate in general, and not just a partial, overproduction as the overarching feature of capitalist crisis?

In a passage in the *Grundrisse* (where Marx also for the first time introduces the concept of necessary and surplus labour to describe the method of increasing productivity), he pertinently characterises how capitalist production must always tear down the barriers to its valorisation in terms of value.

> … since capital represents the general form of wealth – money – it has a boundless and measureless urge to exceed its own limits. Every boundary is and must be a barrier for it. Otherwise it would cease to be capital, money reproducing itself. If a particular boundary were not to be a barrier for it, but one to which it could confine itself without difficulty, capital would itself have declined from exchange value to use value, from the general form of wealth to a particular substance of it.[371]

The systematic growth of capitalist production confronts itself in the realisation of value, i.e. the circulation process. It is here that capital must face its barrier *set by its own mode of organising social reproduction oriented towards value*. Paradoxically however, capital, whose *raison d'être* is the production of commodities containing value and surplus value, cannot comply with itself when confronted with its own mode of the *realisation of that* (*surplus*) *value*, namely in circulation. Overproduction under the conditions of capital is therefore not an overproduction 'bare and simple', understood as an overproduction of 'products': rather, it is an overproduction of *commodities*, *values* and *capitals*, hampered by the lack of *moneyed* demand.[372] It is decisive here that money

371 Marx 1986 [1857–61], pp. 259–60.

372 'The world OVERPRODUCTION in itself leads to error. So long as the most urgent needs

steps between supply and demand. In other words, for succeeding reproduction on an ever extended scale, 'demand' bare and simple is not enough: capitalist reproduction demands moneyed demand, and better even, 'surplus-moneyed' demand, which again depends on the conversion of the surplus product of *other capitalists* into surplus money, and so on – a completely fragile process. In more precise terms therefore, overproduction as the cause for crisis is simultaneously the *cause for the crisis of reproduction*, but reproduction not on an even, but a constantly expanding scale. Under the conditions of the need for reproduction on a higher scale, therefore, supply and demand do not regulate (re-)production at all. To the contrary: the irrational production of surplus value for the sake of surplus value, *mediated by moneyed demand*, constantly shakes up the equilibrium of supply and demand. An equilibrium is the exception from the rule, not the rule. In other words: the market cannot serve as a limit to production, because production is *by its own standards* limitless. Hence, it is not demand that gives the incentive to production, but the production of profit itself. The contradiction of value and use value therefore manifests itself on the substantial level: disproportionality does not only express itself as an 'imbalance' of production, but as general overproduction. Furthermore, on the substantial level of the organisation of production itself, we can see how the lowering of the value of labour power to extend its use value is the precise expression of that contradiction. The substantial contradiction within production itself is therefore two-fold: capitalist production is directed at 'general wealth', at money, not at any particular wealth, expressed in any use value. Hence the breakdown of theories that view social reproduction primarily serving the need of social reproduction by the consumption 'in the private lives of workers themselves'.[373] Money (capital) as the 'living con-

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of a large part of society are not satisfied, or only the most immediate needs are satisfied, there can of course be absolutely no talk of an overproduction of products – in the sense that the amount of products is excessive in relation to the need for them. On the contrary, it must be said that on the basis of capitalist production, there is constant underproduction in this sense. The limits to production are set by the profit of the capitalist and in no way by the needs of the producers'. Marx 1989b, p. 156.

373 Uno 1980, p. 52. And yet Uno seems to be unaware that what he terms the *muri* (the 'impossibility') of labour-power. i.e. that labour-power is the only commodity capital cannot directly produce which therefore relies on non-capitalist forms of 'reproduction' and is not subsumed to capital's logic, is the precise *condition* of capital's valorisation to take place – and not, as authors of the Uno tradition such as Bell (Bell 2009) would have it, forming a potential 'use value space' of resistance against capital. That this view is mistaken can be shown in Patrick Murray's spot-on commentary on the role of 'domestic labour': 'The ordinary point of paying wages is to reap profits. But profits can be reaped from household labour only on the assumption that it produces commodities with a big

tradiction' radicalises the opposition of value and use value in the commodity, precisely by materialising the crisis of valorisation. We saw this in the above discussion of money's failure to represent the measure of value characterising a crisis on the level of exchange (formal possibility of crisis). Second, and more pertinently, the contradiction of value and use value here consists in the contradiction between necessary labour and the total labour (necessary plus surplus labour) expended in the production process. It characterises the crisis in the structure of production itself: the proportions are constantly shifted towards diminishing the proportion of necessary against surplus labour. It is here that the inner barrier to capitalist production results from the internal foundation of this mode of production itself:

> The stages of production which precede capital appear, when looked at from the standpoint of capital, as just so many fetters upon the productive forces. But capital itself, correctly understood, appears as the condition for the development of the productive forces only so long as they require an external spur, a spur which at the same time appears as their bridle. It is a discipline over them, which at a certain level of their development becomes quite as superfluous and burdensome as [previously] the corporations, etc. These inherent limits must coincide with the nature of capital, with the essential character of its very concept.[374]

The inherent limits are those of 1) necessary labour as the limit to the exchange value (value) of the living labour capacity, 2) surplus value as the limit of surplus labour and the development of the forces of production, 3) money as the limit to production and 4) the limitation of the production of use values by value: 'The limits to production are set by the profit of the capitalist and in no way by the needs of the producers'.[375] Hence overproduction is 'a sudden *reminder* of all these necessary moments of production based on capital'.[376] In order to answer why the tendency to overproduction is not just a partial, but a general phenomenon, or why partial crises are always generalised, it is useful to remain a little with Marx's critique of Ricardo's theory of accumulation and

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surplus-value. But what would those commodities be? Wage-labourers? … In a system of unfree labour, you cannot exploit workers in the capitalist manner: without wages, there is no gap between wages and the value produced by workers. Where there is no gap, there is no surplus-value … Without surplus-value, there is no capital'. Murray 2000, p. 131.

374 Marx 1986 [1857–61], p. 342.

375 Marx 1989b, p. 156.

376 Marx 1986 [1857–61], p. 342. See also Marx 1953 [1857–8], p. 319.

crisis, in order to highlight the convergences of his approach with that of Uno. Both Ricardo and Uno, as had been shown before in the case of Uno, generally deny the possibility of general overproduction.

In general, for Ricardo, as long as there is demand for the products of capital, capitalist production is limitless.[377] The competition of capitals sees to the conditions of proportionality of production, so that overproduction or a general glut of the market is impossible.[378] On these grounds, the possibility of crisis expressed in a lower profit rate can only occur as an effect of rising wages which themselves are a quasi-natural result of the growth of the national populace.[379] Ricardo develops this as a counterargument against Smith's conception of crisis as the result of *competition*. Against Ricardo, Marx points out that the 'disproportionality' of production countered by competition itself however presupposes a crisis tendency of this production mode itself – *'proportionate production* is, however, always only the result of *disproportionate production* on the basis of competition'[380] – so that Ricardo fails to see that competition itself imposes a constant tendency to disproportionality. Competition however only reinstalls proportionality 'through the pressure to develop the forces of production in order to reduce the labour time necessary to production', in other words, precisely by driving 'capitalist production constantly beyond those limits'.[381] Competition is therefore capital's external, and yet self-imposed contradiction, a contradiction arising from the 'rules of the game' of valorisation itself. However, it only 'executes the inner laws of capital. It does not invent them'.[382] But precisely by being guided by the principle of competition as its executor, the dynamic of the law of value (valorisation) coincides with the dynamic of the law of crisis in the first place. It is true that, next to the drive imposed by

377 'It follows then … that there is no limit to demand – no limit to the employment of capital while it yields any profit, and that however abundant capital may become, there is no other adequate reason for a fall of profit but a rise of wages …' Ricardo 1969 [1817], p. 197.

378 'That is why Ricardo admits that a GLUT of certain commodities is possible. What is supposed to be impossible is only A SIMULTANEOUS, GENERAL GLUT in THE MARKET'. Marx 1989b, p. 158.

379 '… and further it may be added, that the only adequate and permanent cause for the rise of wages is the increasing difficulty of providing food and necessaries for the increasing number of workmen'. Ricardo 1969 [1817], p. 197. Agricultural production is the decisive sector here: Because with general social development and a growing population, capital will increase, and so will the demand for labour. The demand for it may accordingly rise in greater proportion than the supply for it. See Ricardo 1969 [1817], pp. 55–6.

380 Marx 1989b, p. 150.

381 Clarke 1994, p. 142.

382 Marx 1973, p. 752.

competition, supply and demand can provide a counter-tendency to disproportionality in production, because in such a case, e.g. in a leading commodity of consumption, its price will fall. However, since the production and the provision of commodities to the market are temporally separated, demand can only have an ex-post effect to counter overproduction of that particular commodity. What happens is devaluation and the destruction of productive capacity in the overextended branches of production. This however leads to a generalisation of the losses of overproduction, because the capitalists in question will now save their costs in their purchase from other capitalists. Consequently, money influx to these other branches of capital is hampered, so that, theoretically, reproduction cannot continue on the same or even an expanded scale. The distinction made by classical economists between 'particular' and 'general' overproduction is therefore 'entirely spurious', as Clarke points out.[383] In sum, 'the momentum of the development of production in any branch is not determined by the demand for the product, but by the opportunities for acquiring a surplus profit by advancing the productive forces'.[384] However, if Ricardo's failure to see the inherent contradiction of capitalist production is conditioned by his 'bourgeois standpoint' alone, how do we classify Uno's very similar estimation? Before we come to a closer look at Uno's aspects of periodic crisis in the *Principles*, let us sum up what we have already presented in this chapter as Uno's theory of value as the law of general equilibrium, and in the previous chapter as Uno's 'formal' theory of money. Recall that Uno hypostatises 1) the role of money and commodity as 'circulation forms' subsuming the capitalist production process and 2) the latter as a system of social reproduction, as 'common to all social formations', so that

> [the] unfolding of the circulation forms of the commodity, money, and capital, when clarified to grasp the production process at the basis of the capital form, must explain the labour-and-production process as the social substance that is common to all social formations … The labour process common to all societies is subsumed under its specific social forms.[385]

383 Clarke 1994, p. 143. This is less Marx's than Clarke's own argument, concluded from Marx's remarks in the *Grundrisse*: 'In fact, the departure from the given proportion in one branch of production drives all the other branches out of that proportion, and at unequal rates'. Marx 1986 [1857–61], p. 341.

384 Clarke 1994, p. 143.

385 Uno 1974 [1962], p. 290.

We have also seen that money, for Uno, unlike Marx, does not conceal a particular social relation, namely abstract labour, *under its palpable shell*. Money is only valuable as it is useful, for Uno, in its exchange for use values, measured by the subjective evaluation of the commodity owner of the linen (i.e. the commodity in the relative form of value). Hence, for Uno, 'if we say that it is labour through which the value of a commodity is constituted, we have definitely not understood the value of a commodity'.[386] Furthermore, we have seen that for Uno, circulation determines production. In lieu of a critical response to Uno, let us hear instead Marx's own critical summary of Ricardo:

> If Ricardo thinks that the commodity form makes no difference to the product, and furthermore, that commodity circulation differs only formally from barter, that in this context the exchange value is only a fleeting form of the exchange of things, and that money is therefore merely a formal means of circulation – then this in fact is in line with his presupposition that the bourgeois mode of production is the absolute mode of production, hence it is a mode of production without any definite specific characteristics, its distinctive traits are merely formal. He cannot therefore admit that the bourgeois mode of production contains within itself a barrier to the free development of the productive forces, a barrier which comes to the surface in crises and, in particular, in overproduction – the basic phenomenon in crises.[387]

Like Ricardo, Uno denies the secular tendency to crisis which is conditioned by the substantial contradiction of the capitalist production mode – the development of the forces of production without limit and the limits to the same development set by the law of value – because, like Ricardo, Uno perceives of the capitalist mode of production in mere *formal terms*. In other words, precisely because Uno only considers the forms without the content in his 'pure theory of capitalism', he is blind to the *content hidden by these forms*. With regard to the equilibrium of profit rates, furthermore, Uno claims that '… capital possesses the faculty of allocating itself to the various spheres of production so as to supply all the products that society demands'[388] and, with regard to the satisfaction of the 'commodity-economic norms', Uno says:

386 Uno 1973 [1947], p. 312.
387 Marx 1989b, p. 156.
388 Uno 1980, p. 76.

> In all societies, the continuation of annual reproduction depends on the distribution of both labour power and the means of production in the two departments (of social production), in accordance with the degree of social demand. This presents nothing but the implementation of the norms (*gensoku*) existing as a matter-of-fact in the rational process of economic life, and equally pertaining to all societies that assume the commodity form. A capitalist commodity-economy realises this norm through the law of value, which is regulated by and asserts itself in the movement of price. Capital, in other words, provides every sector of production with labour power and means of production in order to, with the given labour time necessary for the production of individual products, satisfy social demand.[389]

This view is close to both Say's and Ricardo's view of general social reproduction in which supply always meets its proportional demand. It is only logical that in such a society, 'generally, overproduction cannot occur'.[390] What does Marx have to say on this?

> All the objections which Ricardo and others raise against overproduction, etc., rest on the fact that they regard bourgeois production either as a mode of production in which no distinction exists between purchase and sale – direct barter – or as social production, implying that society, as if according to a plan, distributes its means of production and productive forces in the degree and measure which is required for the fulfilment of the various social needs, so that each sphere of production receives the quota of social capital required to satisfy the corresponding need. This fiction arises entirely from the inability to grasp the specific form of bourgeois production and this inability in turn arises from the obsession that bourgeois production is production as such, just like a man who believes in a particular religion and sees it as the religion, and everything outside of it only as false religions.[391]

Unlike Ricardo, needless to say, Uno perceives bourgeois production as a 'specific form'. However, he resorts to an understanding of that form which halts at being *formal*. This is implied in his idea of the general equilibrium which believes that the reproduction of total social capital is exhausted in aiming to

389 Uno 1964, p. 116.
390 Uno 1964, p. 207.
391 Marx 1989b, p. 158.

show that 'capitalist society too satisfies … the fundamental condition of simple and expanded reproduction which all societies must satisfy',[392] eliminating not only the critical impetus of Marx's analysis, but also naively subsuming capitalist reproduction under a quasi-natural law of the need for reproduction in which society 'sees to' providing its own self-sustenance: instead of seeing that the reproduction of that society is not only a constant administration of crisis, but takes place in the mode of the subordination of humans to the law of value. In this sense, Uno's strangely un-Marxian understanding of capitalist society also receives an apologetic moment in its approach to capitalism as mere formality that has no bearing on Marx's critique of the bourgeois relations of production.

4.4.4 *The Systematic Crisis Tendency of Capital: The Problem of Marx's Law of the Tendency of the Rate of Profit to Fall*

For Marx, the tendency of general overproduction was not the only problem associated with the historical tendencies of capital to develop the forces of production without limit. The historical tendencies towards unlimited production manifested themselves in different ways, which, however, all contribute to a general tendency for crisis.

Just as the transformation of values into prices of production presented the one big challenge to Marx in his attempt to overcome the contradictions and insufficiencies of classical political economy, especially in Ricardo, the coherent and 'law-like' explanation for the tendency for a falling rate of profit presented the other big challenge for Marx as he tried to expose the 'fallacies' of his predecessors. Indeed, the discovery of the law, for Marx, as he has written in a letter to Engels, presented 'one of the greatest triumphs over the *pons asinorum* of all previous economics'.[393] Marx considers his own intervention in giving a law-like explanation of the fall in the rate of profit, which had already been asserted by Smith and Ricardo, in the following way:

> And given the great importance that this law has for capitalist production, one might well say that it forms the mystery around whose solution the whole of political economy since Adam Smith revolves and that the difference between the various schools since Adam Smith consists in the different attempts made to solve it. If we consider, on the other hand, how previous political economy has fumbled around with the distinction between constant and variable capital, but has never managed to formu-

392 Uno 1980, p. 58.

393 The letter is dated 30 April 1868. See Marx 1983, p. 137.

> late this in any definite way; how it has never presented surplus-value as something separate from profit, nor profit in general, in its pure form, as distinct from the various constituents of profit which have attained an autonomous position towards each other … how it has essentially never analysed the differences in the organic composition of capital, and hence has not analysed the formation of the general rate of profit either – then it ceases to be a puzzle that political economy has never found this puzzle's solution.[394]

We will return to this crucial quote, as it points to the specific character of the *intervention* Marx aimed at.

In general, Marx develops the Law of the Tendency of the Rate of Profit to Fall, LTRPF in short, on the basis of a rising organic composition of capital (OCC) which itself is the result of the general tendency of capital to develop the forces of production without limit, i.e. the production of *relative surplus value* as the economically most pertinent phenomenon of the real subsumption of labour under capital. For Marx therefore, against Smith and Ricardo, a falling rate of profit is considered as one of the phenomena resulting from the general historical tendencies of capitalist accumulation, i.e., the production of relative surplus value and incessant revolutionising of production, itself. It is therefore not a direct historical, but a *systematic* explanation of crisis. That is, even if the secular tendency of the falling rate of profit is not necessarily inevitable – depending on class struggle or the *counteracting tendencies* capitalists will employ (rising rate of exploitation, cheapening of constant capital, shortening the turnover time) – any measurement to counter the tendency for diminished returns is likely to reintroduce precisely the factors by which the 'fundamental barrier to valorisation' is reproduced at a higher level.[395] In other words, the massive cost saving procedures capital employs to intensify both the intensive as well as the extensive expansion of production, undermines the desired effect of increasing returns, and instead leads to the tendency of their general decline, which in the long-term could manifest itself in crisis. Historically, the tendency to crisis may manifest itself more directly through general overproduction, in that on the one hand, the greater the mass of surplus value,[396] the greater will be the mass of commodities to be realised through

394 Marx 1981, p. 320.

395 We will return to this point at the end of this chapter.

396 In fact, the mass of surplus value $s/v \cdot V$ may also rise while the rate of profit declines. Marx discusses a specific case where the surplus value of an individual capital rises, but its relation to the total capital invested in this branch of production, i.e. the profit-rate, declines

their sale to other capitalists, and therefore more vulnerable to the crisis of reproduction. On the other hand, and more clearly, as a historical tendency, the rising OCC and the growing mass of surplus value is associated with the general law of accumulation, i.e. the concentration and centralisation of capital, a growing relative surplus population, pauperisation, and a growing polarisation of capitalist society, as we described it in Chapters 2.2. and 4.1. Yet, as against this historical tendency of capitalist accumulation, the LTRPF is 'the most important law of modern political economy'[397] for Marx,[398] so that it can hardly be ignored in the context of elucidating Marx's view of crisis. Since Uno was well aware of the importance of this law, we shall also briefly discuss Uno's view of it within the context of the *Principles*. As said before, an increase in the OCC is a consequence of the growing productivity of labour in which each labourer processes a greater quantity of raw material.[399] What exactly is meant by the term 'organic composition of capital'? Since a cost-intensive constant capital may be processed by either many or few labourers, it is difficult to relate the value relation directly to the technical relation of capitals. To understand, therefore, how a growing productivity of labour will diminish the value of labour power and shift the relation between the value composition and the technical composition of capital, Marx introduces the concept of the organic composition of capital which is the value composition of capital 'in so far as it is determined by its technical composition and mirrors changes in the latter'.[400] A rising OCC is therefore the direct consequence of productive techniques in which more constant capital is employed and the value of labour power in relation is diminished, even if the total number of workers rises. In other words, it is accompanied and sustained by the *production of relative surplus value*. Needless to say, the cost saving procedures in terms of wages do allow *individual*

(see Marx 1986 [1857–61], pp. 306–10). He uses this to counter, on the one hand, Bastiat's mistaken notion that profits on machine-intensive capital advanced must necessarily be smaller than on labour-intensive capitals (for Marx, this depends on the surplus labour performed, not on the composition of capital). On the other hand, he counters Ricardo's 'profit-squeeze' theory of declining profits through higher wages. Marx 1986 [1857–61], p. 311.

397 Marx and Engels 1987, p. 133.

398 Clarke doubts the plausibility of this claim. The formulation of the law 'does not appear at all in any of the works which Marx published in his own lifetime. In Volume One of Capital … the organic composition of capital plays a central role, but in relation to the law of population, not that of the tendency for the rate of profit to fall'. Clarke 1994, p. 166. This may be, however, because in the only work on the critique of political economy published in Marx's lifetime, Volume 1 of *Capital*, the concept of *profit* is not yet developed.

399 Clarke 1994, p. 159.

400 Marx 1976, p. 762.

capitals to reap an 'extra profit' – but only until this procedure has become *generalised* in this same branch of production. Average profit always evens out on the basis of the latest cost saving technological process (commodities produced under 'favourable conditions'), so that this 'tendency' of a falling rate of profit becomes a *general* feature that catches even the most profitable individual capitals in its vortex. How does Marx, then, prove the actual 'law'? First, he assumes a constant rate of surplus value and a rising OCC, which accordingly shows the decline in the rate of profit (either viewed temporally, as successive capital compositions of *one* capital, or simultaneously, different increasing OCC in *different* capitals):

> if c = 50 and v = 100, then p'[401] = 100/150 = 66 2/3 %
> if c = 100 and v = 100, then p' = 100/200 = 50 %
> if c = 200 and v = 100, then p' = 100/300 = 33 1/3 %, etc.[402]

From this, it is clear that if we assume (1) p = s / c+v, the formula for the rate of profit, and a growing OCC while the rate of surplus value remains constant, we can express the LTRPF in the formula (2) p = (s/v) / (c/v) + 1. To which Marx says:

> If we further assume now that this gradual change in the composition of capital does not just characterize certain individual spheres of production, but occurs in more or less all spheres, or at least the decisive ones, and that it therefore involves changes in the average organic composition of the total capital belonging to a given society, then this gradual growth in the constant capital, in relation to the variable, must necessarily result in a *gradual fall in the general rate of profit*, given that the rate of surplus value, or the level of exploitation of labour by capital, remains the same.[403]

Note that this assumption is based exclusively on the hypothesis of the inner secular tendency of capital to develop the forces of production without limit, which must always be reflected in a growing OCC and increasingly machine- and technology-intensive investments. *As a fundamental assumption*, the rate of surplus value remains the same.

It is precisely Marx's basic assumption, namely that the rate of surplus value remains the same (while the possibility of a rising rate of surplus value has been deferred to a mere 'counteracting tendency' by Marx), which has drawn

401 The rate of profit, expressed in percentage.
402 See Marx 1981, p. 317.
403 Marx 1981, p. 318.

fierce objections to the law. To explain the LTRPF and the terms of its applicability as a systematic expression of the crisis tendency of the capitalist mode of production, it seems almost impossible to ignore the critique it has faced, as well as heated debate that has formed around the concept in Marxian economics in the last years. However, for reasons of space, we must abstain from a detailed evaluation of these debates.[404] In short, however, among the many objections, especially from Heinrich, lurks the assumption that the LTRPF and the phenomenon of the rising OCC obscures a more fundamental claim concerning the crisis of realisation related to the law of value itself. Let us shortly review two positions related to this claim. In his article on 'Crisis Theory, The Law of the Tendency of the Rate of Profit to Fall, and Marx's Studies in the 1870s', Heinrich gives a comprehensive overview of the development of Marx's drafts of *Capital* from the *Grundrisse* to the final manuscripts in relation to crisis theory, with a particular emphasis on the Law of the Tendency of the Rate of Profit to Fall (LTRPF) as it is now presented in Volume III of *Capital*, in Engels's heavily edited version. Heinrich draws attention to both the editorial problematic of the LTRPF's presentation, and also the objective inherent problems of demonstrating the law to claim that Marx 'does not succeed'[405] in demonstrating the law as such. As for the relationship between the LTPRF and the 'counteracting factors', Heinrich points out that Marx assumed the fall in the profit rate would in the long run outweigh the counteracting factors – without providing a proof for this. In short, Heinrich's critique of the law itself consists in showing that Marx 'failed' to prove the law within the framework of its own conditions, for the condition of rising productivity would entail *both* a rise in the rate of surplus value and a rising OCC. If, as Heinrich claims, the formulation of the 'law' rests on contradictory assumptions, so that Marx 'failed' to prove the LTRPF from within the secular tendencies of capitalist development

404 The evaluation of the LTRPF debate sparked by Heinrich's essay 'Crisis Theory, the Law of the Tendency of the Rate of Profit to Fall, and Marx's Studies in the 1870s' in *Monthly Review* in 2013 (see Heinrich 2013), with subsequent commentaries by Guiglielmo Carchedi/Michael Roberts, Fred Moseley, and Shane Mage, had originally formed a part of this chapter. It is however probably better suited for a separate article which we consider for future publication, especially because Heinrich's assessment of the law has in the meantime drawn further criticism in the German debate. Hans-Peter Büttner, for example, argues that Heinrich adopts a neo-Ricardian framework he otherwise rejects, by accepting the 'Okishio theorem' and hence physical, and not monetary, inputs and outputs. See Büttner 2017. The 'round-table on Heinrich' was conducted online: https://monthlyreview.org/commentary/critique-heinrichs-crisis-theory-law-tendency-profit-rate-fall-marxs-studies-1870s/.

405 Heinrich 2013, p. 22.

as such, we would have to concede that this 'most important law of modern political economy' is altogether a red herring and might as well be discarded. Supplementing this with Marx's own view of crisis, Heinrich argues that there are reasonable doubts that Marx himself considered the LTRPF as crucial to understanding the 'law of value', as a fundamentally contradictory law inherent to the appropriation of surplus value: 'The most general formulation of capitalism's tendency to crisis is completely independent of the "law of the tendential fall in the rate of profit"; rather, its starting point is the immediate purpose of capitalist production, surplus-value or rather profit'.[406] Heinrich provides textual proof from Marx's own discussion of the LTRPF in Volume III of *Capital* to show that '[here], a fundamental problem becomes apparent':[407]

> The conditions for *immediate* exploitation and for the realization of that exploitation are not identical. Not only are they separate in time and space, they are separate in theory. The former is restricted only by the society's productive forces, the latter by the proportionality between the different branches of production and by the society's power of consumption. And this is determined neither by the absolute power of production nor by the absolute power of consumption, but rather by the power of consumption within a given framework of antagonistic conditions of distribution, which reduce the consumption of the vast majority of society to a minimum level, only capable of varying within more or less narrow limits. It is further restricted by the drive for accumulation, the drive to expand capital and produce surplus value on a larger scale … The market, therefore, must be continually extended … the more productivity develops, the more it comes into conflict with the narrow basis on which the relations of consumption rest. It is in no way a contradiction, on this contradictory basis, that excess capital coexists with a growing surplus population; for although the mass of surplus-value produced would rise if these were brought together, yet this would equally heighten the contradiction between the conditions in which this surplus-value was produced and the conditions in which it was realized.[408]

It is *this* contradiction – the contradiction between the conditions for the production of surplus value and the conditions for its realisation – that, according to Heinrich, provides a more fundamental framework for the systematic

406 Heinrich 2013, p. 26.
407 Heinrich 2013, p. 26.
408 Marx 1981, pp. 352–3.

tendency to crisis than the LTRPF: 'Hence, Marx points out a fundamental contradiction between the tendency towards an unlimited production of surplus-value, and the tendency toward a limited realization for it'.[409] The realisation of surplus value, however, has nothing to do with 'advocating an underconsumptionist theory' here, because 'also the investments of businesses … determine the relationship between production and consumption'.[410] Yet, Heinrich clearly conceptualises the 'crisis of realisation' in terms of *unsuccessful circulation*. We will contest this view in our interpretation of the LTRPF towards the end of this section. In consequence, no matter how much Marx stresses the importance of the law, we have to consider that he did not invent the LTRPF 'for its own sake'. Clarke concurs: 'The fundamental issue is the historical tendencies of capitalist accumulation, of which the tendency for the rate of profit to fall is only one aspect to be considered in the wider framework'.[411] Accordingly, in Clarke's view, the LTRPF was only *one* approach to explaining the inherent contradiction of the capitalist mode of production based on its drive to expand the forces of production without limit.[412] The LTRPF therefore is *neither sufficient nor necessary* to explain the correlation of the two, Clarke contends. Despite the objections the LTRPF has faced, it has also been made useful as a 'meta-theory' of crisis. In this sense, Riccardo Bellofiore argues that the 'law' must not be understood as a 'consequence of the rise of the composition of capital', but as a 'meta-theory of the crisis, which includes within it other and different theories of the crisis',[413] i.e. 'not only the so-called underconsumptionist and the so-called disproportionality lines about the realization crisis, but also the tendency to the capitalist crisis that originates directly in the social relations of production within the immediate process of valorisation'.[414] This roughly corresponds to the contradiction between the conditions of production and that of the realisation (or the successful circulation) of surplus-value. Bellofiore however deemphasises the role of a rising OCC in favour of the crisis of realisation, which springs from the 'counteracting tendency' of increasing the rate of surplus value. Here, a further motion can be noticed: '… precisely the force repressing the crisis [the increase in the rate of surplus value] pushes

409 Heinrich 2013, p. 26.
410 Heinrich 2013, p. 26.
411 Clarke 1994, p. 223.
412 'The progressive tendency for the general rate of profit to fall is thus simply *an expression, peculiar to the capitalist mode of production*, of the progressive development of the social productivity of labour'. Marx 1976, p. 319. The original says '*ein*' (*one*) der kapitalistischen Produktionsweise eigentümlicher Ausdruck, not 'the' expression.
413 Bellofiore 2011, pp. 82–3.
414 Bellofiore 2011, p. 92.

the system toward a third, different kind of crisis; the crisis of realization'.[415] But how does Bellofiore argue for a crisis of realisation without advocating a once-and-for-all underconsumptionist interpretation of crisis? To be sure, Bellofiore admits that an 'effective consumer demand' theory of crisis 'seems in contradiction to Marx's reproduction schemes that show how demand to capital comes from capital itself, directly or indirectly'.[416] The predicament lies in the fact that capital, so to speak, cannot have its cake and eat it too: any counteracting tendencies to the falling rate of profit, such as the rising rate of surplus value, while *beneficial to productivity*, *hamper* the successful realisation of profit, in the restitution of the initial v. This intensification of the 'tendency to the fall of the relative wage' also affects extended reproduction, by shaking up the 'ratios of exchange, which are necessary for stable-extended reproduction (in equilibrium)'.[417] But neither Heinrich nor Bellofiore can thoroughly circumvent the problem that both their rejections viz. reformulations of the LTRPF in favour of 'realisation crisis' virtually end up with the problem of underconsumption. While this may be a *partial* explanation to crisis – wages can only ever substitute the v-component of the capital invested, but never realise the surplus – we believe that the significance of the LTRPF lies elsewhere: namely in the scathing critique of the crisis-theoretical framework of the classics, which is *simultaneously the critique of their value-theoretical framework*. To briefly contextualise the setting of the problem, we believe, it is therefore more useful to carefully consider *Marx's own intent* – at least in a rough sketch – with the presentation of the law as a direct refutation of the *classics*. This is because the rising OCC, despite Heinrich's and Bellofiore's dismissal of its relevance, here plays a significant role as a direct critique of the understanding of the law of value, notably in Smith and Ricardo, who had no notion of the organic composition, and hence, the value composition of capital.

As has been pointed out by Heinrich, a falling rate of profit had already been acknowledged by Smith and Ricardo as an empirical phenomenon, while the explanation differed: Smith (faultily) saw the falling rate of profit as the result of competition,[418] while for Ricardo, only the rise of wages could lead to a fall in the rate of profit, conditioned by a growing population which would have

415 Bellofiore 2011, p. 89.

416 Bellofiore 2011, p. 90.

417 Bellofiore, p. 90.

418 This view is contested by L. Tsoulfidis and D. Paitaridis who argue, with ample documentation, that Smith's theory of falling profits is linked more closely to the evolution of interest rates and rising wages, seeing competition much rather as a result than a cause for falling profit rates. Tsoulfidis and Paitaridis (2012). Competition, after all, is also one of the factors (though not the cause) of falling profit rates for Marx.

to reproduce itself from continuously less fertile land, implying a higher price of grain.[419] Marx in turn criticised Ricardo for failing to see that productivity increases in grain are possible either with a falling or rising price of grain. But while Marx was, strictly speaking, not the first to point out the secular tendencies of a falling rate of profit, he was the first to claim to have 'discovered a coherent explanation for this law'.[420] Indeed, 'Marx does not assume any particular form of market or conditions of competition, but rather solely the form of development of the forces of production typical of capitalism, the increasing deployment of machinery'.[421] The method is hence based not on 'empirical evidence', even if that may have been the case, giving the re-occurring crises since the late 1850s.[422] The method rather rests on proving the law from the inner tendencies of capital itself. And here is where we can pick up the golden thread that runs through the analysis of the fetishism of political economy: precisely by conflating value and price, and surplus value and profit, Smith and Ricardo were not only unable to explain the origin of capital on the basis of equal exchange, they were also blind to the *different properties in the composition of capital*, which led both Smith and Ricardo to draw the line of demarcation between *fixed and circulating capital*, instead of *variable and constant capital*. Ultimately, *both labour and means of production* were sources of value for Smith and Ricardo, a theoretical predicament that blocked the way to a clear understanding of the cause for the crisis of accumulation. The organic composition of capital and its internal changes accompanying the development of productive forces thus remained anathematic to them, leading to an internally inconsistent theory of crisis. In Ricardo's case, the search for an 'invariable' measure of value further obscured the origin of surplus value, the 'pure form' of profit: for the working day, the measure of value, is not invariable – necessary and surplus labour assume different proportions in it. But that does not mean it is *not absolute*, to the contrary: as an absolute measure of value, it is variable, but nevertheless an 'absolute', i.e. not relative (dependent on a different factor) explanation of the source of value. Hence it was crucial for Marx to stress the importance of a growing OCC as a heuristic framework for crisis, since it was

419 See Heinrich 2013, p. 21.

420 Heinrich 2013, p. 21.

421 Heinrich 2013, p. 22.

422 Since especially these crises did not occur so much in 10 year-period cyclic outbreaks, as Marx had believed earlier, but, with the relatively short time span between the 1857–8 and the 1861 crisis, happened more frequently, however less eruptively. See Clarke 1994, pp. 263–4.

systematically obscured from the elaborations of the classics who ultimately did not hold a labour theory of value in any meaningful sense of the term at all.

The LTRPF is therefore significant as a further development of Marx's labour theory of value as a *critique of the classics*, in that it clarifies, for Marx (to return to the previous quote) 'how previous political economy has fumbled around with the distinction between constant and variable capital, but has never managed to formulate this in any definite way … how it has essentially never analysed the differences in the organic composition of capital, and hence has not analysed the formation of the general rate of profit either'. Keeping in mind capital's only objective however – the drive towards infinite accumulation and profitability, and the means to obtain it – 'then it ceases to be a puzzle that political economy has never found this puzzle's solution'.[423] In other words, the law of value as the law of crisis lies in the form of *capital itself*:

> Capitalist production constantly strives to overcome these immanent barriers, but it overcomes them only by means that set up the barriers afresh and on a more powerful scale. The true barrier to capitalist production is *capital itself*. It is that capital and its self-valorization appear as the starting and finishing point, as the motive and purpose of production; production is production only for *capital*, and not the reverse, i.e. the means of production are not simply means for a steadily expanding pattern of life for the society of producers. The barriers within which the maintenance and valorization of the capital-value has necessarily to move – and this in turn depends on the dispossession and impoverishment of the great mass of the producers – therefore come constantly into contradiction with the methods of production that capital must apply to is purpose and which set its course towards an unlimited expansion of production, to production as an end in itself, to an unrestricted development of the social productive powers of labour. The means – the unrestricted development of the forces of social production – comes into *persistent conflict with the restricted end, the valorization of the existing capital*. If the capitalist mode of production is therefore a historical means for developing the material powers of production and for creating a corresponding world market, it is at the same time the constant contradiction between this historical task and the social relations of production corresponding to it.[424]

423 Marx 1981, p. 320.

424 Marx 1981, pp. 358–9. Emphasis added.

Not so much a 'crisis of realisation', then, in terms of successful exchange of the aggregate product with workers (and capitalists) forming the other pole of the contradiction to the mode of production in underconsumptionist terms,[425] but a crisis of the *realisation of maximum profitability*, in that the value product increasingly represents *less surplus value* (the s component in c+v+s), and hence *less money*, unable to reap profits that would compensate over and above the invested capital, and thus increase over time, which the term 'extended reproduction' – capital's *modus operandi* – designates. In other words, even if workers continue to 'buy back' the v-share of the full aggregate product, and the capitalists provide a monetary equivalent to realise its entire c-share *and the surplus value*, profits 'melt',[426] returns decrease. As we have seen in our discussion of overproduction, money can only realise what the process of production provides in terms of value. If the commodities contain less value, then less money is needed to realise this value. Money cannot create value 'out of thin air'. Hence, the crisis of capitalist production is not caused by unsuccessful monetary circulation, because even *successful* monetary circulation does not circumvent decreasing returns. This is the precise meaning of the contradiction between the conditions of the production and the conditions of the realisation of value and surplus value:[427] the character of production itself – the production of profit – undermines its own realisation: 'Circulation, or the exchange of commodities, creates no value'[428] – and no surplus value either.

If we place this result of Marx's analysis of crisis against Uno's view of the 'law of value' in which production and consumption fall into magical har-

425 This would be the level of the argument conducted in Volume II of *Capital*. Marx shows that successful circulation, even 'without an equivalent', is possible – but only if one abstracts from capital's *sine qua non* of developing the forces of production without limit. On the basis of the production of relative surplus value, which accompanies and sustains this development, however, the realisation of ever greater shares in profit is hampered. The theoretical framework of the LTRPF is the production of relative surplus-value in Volume I of *Capital*, not the reproduction schemes.

426 We here lean on the general crisis-theoretical framework of the Wertkritik school (predominantly Robert Kurz and Claus Peter Ortlieb), without necessarily sharing their dystopian conclusions. In general, Wertkritik proposes a 'value dissolution' theory of crisis (*Wertabschmelzung*) in terms of the diminishing mass of surplus value produced by all productive workers, or conversely, the mass of surplus value contained the aggregate value product (Ortlieb 2014, p. 78). To our knowledge, this is the only theory coherently developing the notion of crisis from the conceptual framework of the production of relative surplus value. For English translations of central texts, see Larsen et al. (eds.) 2014.

427 We consider this clarification necessary in light of Heinrich's and Bellofiore's imprecise notion of 'realisation'.

428 Marx 1976, p. 266.

mony – not only of the initial separation of production and circulation, but also into a harmony of interests of workers and capitalists – we can see that Marx's view is not only the opposite, but that its *theoretical interest* also radically differs: while Marx's interest is critical, Uno's intervention – in line with his endeavour to present the 'principles' of a 'pure capitalist society' – must refrain from critical assumptions. The question then however arises whether the bracketing of the inherent crisis character of capital, tantamount to the 'law of value' as the appropriation of unpaid surplus labour and its internal contradictions, renders it appropriate as a *theory of capitalism*. Before we come to an overall conclusion concerning Uno's project, we should briefly return to aspects of crisis in the *Principles*, insofar as the discussion in the present chapter has not considered them yet.

4.4.5 *Aspects in Uno's Theory of the Business Cycle (1): The Supply of Labour Power and Accumulation*

In his main work, the *Principles*, Uno argues for a close relation between the supply of labour power, the law of population 'peculiar to capitalism', the fall in the rate of profit, and the innovation of productive methods (the renewal of fixed capital) in terms of *business cycles* (*keiki junkan*). As mentioned earlier (Chapter 4.1.), Uno therefore provides a theory of *business cycles*, but lacks a theory of *crisis*.[429] Partly, this theory is accounted for by the method of presenting a 'pure' capitalist society (*junsui no shihonshugi shakai*), a society fully capable of 'self-sustaining by itself (*sore jishin ni sonritsu suru*) one historical society in completion'.[430] Accordingly, it is not the *inner contradictions* of the capitalist mode of production that form Uno's object of interest, but to the contrary, capital's *ability to function*. From this view alone, the approaches of Marx and Uno present irreconcilable opposites. More generally, as discussed throughout the present volume, for Uno, capitalist production essentially hinges on the commodification of labour power and its unobstructed supply to the production process. While the labour power commodity is the only commodity 'which capital by itself cannot directly produce', because the reproduction of that commodity falls to the 'private lives of workers', there is

429 Even though he has written a work of the same name, *Theory of Crisis* (*Kyōkōron*, 1953). In this work, however, the business cycles rather than the secular crisis of capitalism stand in focus. This is based on his work in the *Principles* 1950–2 and reproduced in the 1964 version.

430 Uno 1964, p. 12.

> no inherent limit to the accumulation of capital so long as capital is well supplied with labour-power … in the form of surplus population. Hence, so long as labour-power is available, there is no theoretical reason why capital may not continue to expand its production with the given technical method.[431]

In the phase of prosperity, when a relative surplus population forms the pool for the new supply of labour power, the technical composition of capital usually remains the same. A relatively large quantity of workers alone, however, does not correspond to growing productivity. As seen in the discussion of the LTRPF, rising productivity entails the *reduction* of the total number of workers, accompanied by a rising OCC and rate of surplus value. If Uno characterises the expansion of capitalist production as being secured by the supply of labour alone, then he cannot have the development of the forces of production in mind that precisely seeks to *save* the cost of labour. Indeed, for Uno, rising productivity, the formation of a relative surplus population, and a rising OCC are no *constant* conditions for capitalism's 'self-sustenance'. Capital, for Uno, 'does not constantly improve the method of production', because fixed capital must be used over a span of several – in average, ten – years, and new technical methods are not quickly applied. Hence, so long as labour power is available, production can continue on the same scale. We need to keep Uno's axiom in mind for our critique of this 'basic condition' for the expansion of capitalist production.

For Uno, the given technical production method, however, may change as the result of pressures of other capitals, so that a rise in the OCC cannot be excluded. Nonetheless, the OCC, according to Uno, only rises in a particular phase of cyclical fluctuations that 'characterise the development of capitalism'. It is in the phase of depression that these new productive methods are applied: 'The general adoption of new productive methods must, therefore, in principle, be forced upon capital in the phase of industrial depression'.[432] Here is how Uno argues for the cycle of expanded reproduction:

> During the phase of prosperity, capital accumulation proceeds 'extensively' under a given organic composition, absorbing surplus population already created in the preceding phase of depression. During the depres-

431 Uno 1980, p. 88; Uno 1964, p. 169.

432 Uno 1964, p. 107. Sekine's translation is different, adding 'competition': 'The general adoption of new productive methods must, therefore, in principle, be forced upon capital by the severity of competition that it faces in the phase of industrial depression'. Uno 1980, p. 53.

> sion phase that follows a crisis, as the disturbances caused by a crisis are gradually brought under control, new methods of production are adopted providing the basis for an increase in the organic composition of capital and for the formation of a relative surplus population to be absorbed in the succeeding phase of prosperity.[433]

For Uno, this presents the 'law of population peculiar to capitalism', one of the 'three great laws' of the science of political economy. This relatively smooth cycle of the expulsion and the absorption of labour power therefore also bears no necessary relation to the deterioration of the living standard of the working class as such. Throughout the *Principles*, and also in the corresponding texts in which Uno critically discusses Marx's theory of accumulation as a theory of immiseration or pauperisation,[434] Uno rejects Marx's pessimistic view of the coexistence between accumulation on higher scales and the generation of a growing surplus population. In fact, for Uno, in stark contrast to Marx, as we shall see in a short while, not only does the law of population determine the living standard of the workers, but the *living standard in turn also determines the value of labour power*. To facilitate an understanding of Marx's opposed view hereafter, it is useful to first reproduce Uno's argument in detail:

> The standard of living is in fact not a rigidly fixed *datum*, being 'historically determined' in a broad sense. In the development of capitalism, the accumulation of capital historically generates a standard of living suitable to that level of accumulation, as wages rise in the prosperity phase more than they fall in the depression phase of capital accumulation, even though the net gain may fall short of the full advance in productive powers. The economic crisis, which turns prosperity into a depression, sets, in each industrial cycle, the upper limit beyond which wages cannot rise. But in the course of capitalist development through business cycles, a rise in real wages cannot be excluded. Moreover, capital in its accumulation requires, and must be able to command, labour-power whose owners demand as a basic condition of trade some improvement in the standard of living along with the general development of capitalist society. Therefore it is not true, though often asserted, that the development of capitalism necessarily implies a deterioration of the workers' living standard.

433 Uno 1980, p. 53. Uno 1964, p. 107.

434 These are in *The Theory of Crisis* (*Kyōkōron*) (Uno 1974 (1953), pp. 147–63), and in the *Methodology*. Uno 1974 (1962), pp. 213–48.

> Labour-power, which cannot be directly produced by labour and hence neither by capital, is a special commodity; the demand for and the supply of it must be regulated in the course of capital accumulation according to the *law of population peculiar to capitalism*. The working of this law determines the living standard of wage-earners, and their living standard in turn determines the value of labour-power itself.[435]

Capitalist accumulation therefore, in line with a use value-oriented mechanism of reproduction whose centre forms the reproduction of labour-power 'in the private lives of workers' alone, does not infringe the possibility of a production towards the demands of the population, namely an 'improvement in the standard of living'. This unrealistic and apologetic view – and one may not even need take recent surveys on distribution, national income, and wealth into account[436] – is however sharply contradicted by an understanding that takes the specificities of the capitalist mode of production into consideration. The aim of the acquisition of labour power by capital is not private consumption, but the valorisation of capital, 'the production of commodities which contain more labour than [the capitalist] paid for, and therefore contain a portion of value which costs him nothing and is nevertheless realized through the sale of those commodities'.[437] Labour-power can be sold only to the extent 'that it preserves and maintains the means of production as capital, reproduces its own value as capital, and provides a source of additional capital in the shape of unpaid labour'.[438] Hence, we have to grasp *the very function of the wage form of value* in altogether different terms than Uno would have it. The function of the wage in the context of the valorisation postulate of capital does not primarily

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435 Uno 1980, p. 54. Uno 1964, pp. 113–14. In similar vein, see Uno 1980, p. 67, footnote 8.

436 According to the World Bank's *Changing Wealth of Nations 2018*-study, 'global wealth increased 66 percent from 1995 to 2014 (from $690 trillion to $1,143 trillion in constant 2014 US dollars at market prices)', but inequality grows because per capita wealth in high-income OECD countries is 52 times higher than in low-income countries (data 1995–2014). See Lange et al. (ed.) 2018, p. 5. See also the *World Inequality Report 2018* (Facundo et al. (eds.) 2018), which diagnoses a constant growth of global income inequality since 1980, if at different speeds: India's income inequality rose gradually from 32% in 1980 to 56% in 2016 (in 2016, 56% of the national income was received by the top 10%, compared to 32% in 1980), while inequality rose abruptly in Russia (21% to 45%). In Europe, US-Canada, China, Sub-Saharan Africa, Brazil, and the Middle East, inequality grew steadily, while in the latter three, inequality is the greatest.

437 Marx 1976, p. 769.

438 Marx 1976, p. 769.

consist in the 'guaranteed reproduction' of labour power, and the significance of wage rises does not lie in the possibility of a more comfortable life for workers. Instead, a rise in the wage level indicates a *decrease in the ratio of unpaid labour*. And this decrease, in turn, is limited by the drive to valorisation:

> If the quantity of unpaid labour supplied by the working class and accumulated by the capitalist class increases so rapidly that its transformation into capital requires an extraordinary addition of paid labour, then wages rise, and all other circumstances remaining equal, the unpaid labour diminishes in proportion. But as soon as this diminution touches the point at which the surplus labour that nourishes capital is no longer supplied in normal quantity, a reaction sets in: a smaller part of revenue is capitalized, accumulation slows down, and the rising movement of wages comes up against an obstacle. The rise of wages is therefore confined within limits that not only leave intact the foundations of the capitalist system, but also secure its production on an increasing scale.[439]

In mathematical terms: the rate of accumulation is the independent, not the dependent variable. The 'living standard' in turn is the dependent variable, which can never exist *in any other form than the actual wage* paid to the workers. Uno's insistence that the 'living standard' can be comprehended *independently* of the living *wage* of the labourer – moreover as 'determining the value of labour power' – is a phantasm in the context of the capitalist mode of production. The same goes for accumulation: since not the supply of labour power, but *accumulation* is the independent variable, the law of population does at no point regulate, determine or provide the law of valorisation. To the contrary. What Uno ultimately fails to understand is that in the capitalist mode of production, capital at no point 'hinges' on 'inner barriers' in terms of *use value* or the consumption/reproduction of the workers. The inner barrier to capital is *capital itself*: its law, the maximum realisation of profit, contradicts the rules of the *realisation* of that law, conditioned by the cost-saving, labour minimising, and capital intensive conditions of production, 'favourable' only to the costs of investment, but detrimental to returns. This is the exact sense in which the *realisation* of the law of value collides with the law of value itself: as capital's self-imposed drive towards valorisation whose only source is the appropriation of alien and unpaid labour, the source which it seeks to abolish.

439 Marx 1976, p. 771.

But Uno's views do not halt at a view of capitalist accumulation that could be reconciled with a tendency to an improvement of the living standards of wage workers. He criticises Marx's theory of surplus population and the industrial reserve army for not belonging to the theory of 'pure' capitalism. From such a theory, 'the law of pauperisation' must be excluded, because 'it is in reality no more than a circumstantial phenomenon, according to which relative surplus population is alternately formed and absorbed through the cyclical process of growth'.[440] We have discussed this problematic rejection in Chapter 2 of this volume. Uno, against Marx who stresses accumulation as the independent variable and the law of relative surplus population as the dependent one, however insists that 'Marx's concept of "industrial reserve army" connotes more than can be strictly treated in pure theory' and maintains: '… the limits [of the laws of demand and supply of labour] are certainly not inconsistent with an improvement in the living standards of the working class …'[441] For Marx, as previously discussed, a *growing redundancy* of labour in the course of capitalist accumulation is the other side of the coin of a growing OCC. However, this tendency for the growing redundancy of labour, in turn, becomes a *lever* to the greater centralisation and concentration of accumulation. Concentration and centralisation of accumulated capital hence become a 'development within the development' for which the tendency to the redundancy of labour gives the necessary incentive. In the analysis of the effect of a shift towards a higher OCC for the working population, Marx therefore states:

> With the growth of the total capital, its variable constituent, the labour incorporated in it, does admittedly increase, but in a constantly diminishing proportion. The intermediate pauses in which accumulation works as simple extension of production on a given technical basis are shortened. It is not merely that an accelerated accumulation of the total capital, accelerated in a constantly growing progression, is needed to absorb an additional number of workers, or even, on account of the constant metamorphosis of old capital, to keep employed those already performing their functions. This increasing accumulation and centralization also becomes in its turn a source of new changes in the composition of capital, or in other words of an accelerated diminution of capital's variable component, as compared with its constant one … it is capitalist accu-

440 Uno 1980, p. 66. Uno 1964, p. 112. Uno here calls pauperisation a 'contingent phenomenon'. Ibid.

441 Uno 1980, p. 67. Uno 1964, p. 115.

> mulation itself that constantly produces, and produces indeed in direct relation with its own energy and extent, a relatively redundant working population. i.e. a population which is superfluous to capital's average requirements for its own valorization, and is therefore a surplus population.[442]

Uno laments that Marx had allegedly 'de-emphasised' the 'important contrast between the absorption of surplus population in prosperity and the formation of it in a stagnation. Marx rather one-sidedly stresses the formation of surplus-population, endeavouring to establish the law of population on the basis of this aspect alone'.[443] Indeed, the contrast between Marx and Uno cannot be more apparent than in the treatment of the effects of capitalist accumulation on the working population. In other words, the general law of capitalist accumulation in relation to a growing *redundancy* of labour is precisely the opposite of what Uno terms the *conditio sine qua non* of the expansion of capitalist production, namely the necessary *supply* of labour power. In the French edition of the first volume of *Capital*, Marx himself has directly objected to determining the supply of labour power as the necessary condition of capital's expansion:

> … at the same time as the number of workers attracted to capital reaches its maximum, the products become so superabundant that the smallest obstacle to their sale can make the social mechanism appear to halt; the repulsion of labour by capital happens suddenly, on the largest scale and in the most violent manner; the disorder itself imposes on capitalists supreme efforts to economise on labour.[444]

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442 Marx 1976, pp. 781–2. From this relative surplus population that becomes a disposable 'lever' to the production process, the industrial reserve army is formed 'which belongs to capital just as absolutely as if the latter had bred it at its own cost. Independently of the limits of the actual increase in population, it creates a mass of human material always ready for exploitation by capital in the interests of capital's own changing valorization requirements'. Marx 1976, p. 784.

443 Uno 1980, p. 64. Uno 1964, p. 108.

444 Marx 1989 [1872–5], p. 553. Translation from the French by S. Clarke, in Clarke 1994, p. 256. Marx here also mentions the role of credit in deceiving political economists as to the causes and the 'periodicity' of cycles. Marx 1976, p. 786. On this point, Clarke observes: 'The cause of crisis appears to lie in the particular factor which triggered the crisis, which may be a shortage of labour power, or raw materials, or the limitations of the market, or a tightening of credit, but which of these emerges as the immediate barrier to accumulation is a subsidiary issue to the fundamental determinant of the tendency to crisis, which is the

With the growing scale of accumulation, a greater attraction of labour is accompanied by a greater repulsion, and this repulsion and contraction of production happens in 'fits and starts' in proportion to the preceding expansion. Even if a sudden fit of expulsion – a rapid growth in the OCC, the 'setting free' of labourers – should have a 'rejuvenating' effect on the ongoing production cycle, the effect of the next contraction will be more disastrous, in both mass and scale.

As Clarke observes, the political significance of Marx's general law of accumulation lies not in the automatism of generating a 'revolutionary class' that will overthrow what has put it in fetters. The law of accumulation – in that it induces a necessary polarisation between accumulated, concentrated and centralised capital on the one hand, and a growing mass of redundant workers on the other – lies in its *generality*, the fact that 'every worker is subject to the same law, since every worker is, from the point of view of capital, merely a part of the common mass of disposable labour power, facing competition from other workers, and the constant threat of expulsion into the reserve army. The general law is thus the basis of a common experience of the working class, and so the foundation on which workers can unite as a class'.[445] Needless to say, within Uno's self-imposed methodological confinements to a theory of 'pure capitalism', this aspect is anathematic. To be sure, Marx did not write *Capital* as a theory of revolution. But he did not write it because, precisely by the fetishism-critical analysis of the capitalist mode of production and its 'sycophants', the political economists, the insight into the necessity of revolution would be generated, as we can see especially in the chapters on the 'General Law of Accumulation' in *Capital* Volume I. Uno's theory abstains from this impetus. The question remains at what point and whether at all revolution plays a significant role for Uno: after all, capitalism manages to check its inherent crisis tendencies in every new periodic cycle. Oddly enough, Uno recognises the importance of Marx's LTRPF – but it remains 'sublated' within the framework of economic cycles. Let us see in the next and final section of this chapter how Uno perceives of the crisis tendencies of the falling rate of profit within his theory of business cycles.

tendency to the overaccumulation of capital in relation to the opportunities available to it'. Clarke 1994, p. 259.

445 Clarke 1994, p. 251.

4.4.6 *Aspects in Uno's Theory of the Business Cycle* (2)*: The Renewal of Fixed Capital and the Falling Rate of Profit*

Uno assumes a tight relationship between the adoption of new productive methods, the renewal of fixed capital, and the falling rate of profit within the investment cycle. To disentangle the different instances of the cycle, we shall consider the individual causes and effects that determine the cycle.

In the pursuit of relative surplus value, capital seeks to introduce 'new and technically improved' machines in order to gain a surplus profit so long as this new productive method has not yet become generalised: 'Generally speaking, capital produces relative surplus value by pursuing such a surplus profit and in the course of that pursuit improves upon the current method of production'.[446] The surplus profit earned by the innovating capital is formed by the difference between the commodity's individual and its market value, so that the new production techniques allow the capital in this segment of production to sell its commodities below their market value. This development can go on for a particular span of time, depending how quickly other capitals in the same segment of production adapt the new (or even newer) methods. A new market value is determined when the market price has fallen to such an extent that no capital in this segment can any longer gain a surplus profit, i.e. when the new productive method has become generalised. A falling rate of profit is thus the direct consequence of the generalisation of a risen OCC, for Uno, as for Marx. However, as noted before, for Uno, 'the development of the capitalist method of production does not constitute a continual and uninterrupted process of technical improvement because the presence of fixed capital is incompatible with such a process'.[447] Since fixed capital is only introduced at a phase of depression, forced upon an individual capital through competition, it cannot be the *cause* for depression, expressing itself in a fallen market value, but much rather its *effect*. It is an effect, however, that must, towards the end of the cycle, cause a new crisis, or else Uno's implicit distinction between the adoption of new productive methods and the renewal of fixed capital becomes implausible. For Uno, the implicit distinction between the two seems of a more technical nature: because of its inertia and fixity, the presence of fixed capital does not permit capital to adopt a technical improvement at any time. For Uno therefore, thinking himself to be in line with Marx's own views of a cyclical explanation of crisis, the investment cycle begins and ends with the renewal of fixed capital. Once fixed capital is renewed, 'the opportunity for capital to start afresh in a

446 Uno 1980, p. 86. Uno 1964, p. 164.
447 Uno 1980, p. 87, Uno 1964, p. 169.

renovated environment is given'.[448] The falling of wages, the overabundance of commodities, and the devaluation of capital are unable to restore prosperity: 'The general decline of prices and wages … cannot immediately introduce the recovery phase because it does not remove the real cause of crisis and depression'.[449] For Uno, the role of the renewal of fixed capital becomes decisive: because fixed capital may hamper the adoption of new methods of production, once fixed capital is renewed, production can start afresh:

> Only with the advent of new methods of production in the course of the so-called industrial rationalisation can a new workers-versus-capitalists relation be redefined, upon which a fresh development of productive powers is made possible. The depression is now transformed into prosperity. Thus the improvement by capital of the methods of production can only proceed intermittently in the process of business cycles, the recurrence of which is based upon the periodic renewal of fixed capital and the formation of [a] relative surplus population.[450]

Here, the application of new methods of production is simultaneous with the renewal of fixed capital, so that both constitute the beginning of the cycle. If we however assume, with Uno, that the renewal of fixed capital introduces the beginning of the cycle, then we are confronted with the problem of causation, because we might as well contend that the replacement of fixed capital is *itself* determined by the periodicity of that cycle. One characteristic feature of crisis is the massive devaluation of capital, including its fixed form in plant and machinery. Then although, *physically*, these machines still function, they are 'morally depreciated': '… in addition to the material wear and tear, a machine also undergoes what we might call a moral depreciation. It loses exchange-value, either because machines of the same sort are being produced more cheaply than it was, or because better machines are entering into competition with it'.[451] The scrapping of plant and machinery, and its substitution for new machines, therefore *follows* from the moral depreciation of capital in value terms, as a result of competition, etc. The renewal of fixed capital is therefore in itself not the lever of the new cycle, but the *cycle itself* – defined as it is by the valorisation postulate – determines under which conditions the renewal of fixed capital will yield an additional profit. It is important to note that Uno

448 Uno 1980, p. 89, Uno 1964, p. 171.
449 Uno 1980, p. 89.
450 Uno 1980, p. 89, Uno 1964, p. 171.
451 Marx 1976, p. 528.

thought himself to be in line with Marx's understanding of periodic investment cycles. While, as we have shown, Marx's view of *crisis* is radically different – for Marx, economic cycles and the crisis tendency of capital are not the same – it must be noted however that throughout *Capital*, Marx does refer to periodic cycles of the expansion and the contraction of production, particularly in relation to accumulation, and the growing obstacles these cycles confront in the development of concentration. He also discusses cycles in the relation to the renewal of fixed capital. It is first discussed in the *Grundrisse*, especially in relating production crisis to a cycle of the average time span it takes for fixed capital to wear out:

> A longer total period is therefore posited as the unit in terms of which its turnovers are measured, and their repetition is now linked to this unit not merely externally but by necessity. According to Babbage, the average reproduction of machinery in England takes 5 years; hence, the real, probably 10 years. There can be no doubt at all that the cycle through which industry has been passing in *plus ou moins* ten-year periods since the large-scale development of fixed capital, is linked with the total reproduction phase of capital determined in this way. We shall find other determining factors too, but this is one of them. There were good and bad times for industry and for the harvests (in agriculture) in the past, too. But the several-year-long industrial cycle divided into characteristic periods, epochs, is unique to large-scale industry.[452]

The ten-year-cycle therefore characterises the turnover or the 'total reproduction phase' of capital.

In general, however, the substitution of fixed capital is discussed in *Capital* Volume II, especially in the reproduction schemes. And yet, the problem of the renewal of fixed capital is linked to the problem of the source of the money to *realise* the surplus value, not in association with crisis.

Moreover, there is a problem of both historical and systematic dimensions involved in asserting the cause of crisis to lie in the periodic renewal of fixed capital. In their research, Marx and Engels had both realised that, roughly in the time span between the 1850s–70s, the character of the cycle had changed. The ten-year period no longer presented a reliable calculating magnitude for

452 Marx 1987 [1857–61], p. 105. Babbage was a British economist (1791–1871) whose work *On the Economy of Machinery and Manufactures* (1832) Marx has read in French translation. Marx references the French translation (*Traité sur l'économie des machines et des manufactures*) on pp. 375–7.

determining cycles tied to the wear and tear (or the 'moral depreciation') of fixed capital, as we both learn from the letters exchanged between Marx and Engels,[453] and also the supplements Marx added to the French edition of *Capital*.[454] So while 'the industrial cycles of the middle of the nineteenth century had been dominated by one or two leading industrial sectors, particularly cotton and railways, and had been centred on Britain', as Clarke points out, capitalist production had expanded to many other, various branches of production so that '[the] diffusion of capitalist production had undermined any tendency to general crisis that might be based on the replacement cycle of fixed capital'.[455] Especially since the renewal of fixed capital does not take place in unison, but at individual intervals depending on the founding of new enterprises, a general tendency cannot be easily constructed. A *quasi-natural* assumption of a ten-year periodic cycle, marking the renewal of fixed capital as the end viz. the starting point, is therefore not only highly dubious, but a 'non-solution to a non-problem',[456] since these intervals do not happen smoothly. Nor can an average of ten years be determined within the capitalist development that depends rather on 'new productive methods' introduced by an increasingly fierce competition. In other words, Uno hypostatises Marx's '10-year-period' as an explanation of cyclical crises, while he makes no mention of the general tendencies of capitalist accumulation that express themselves in increasing obstacles to the realisation of profit, which marks the contradictory character of the capitalist accumulation process itself. Although for Uno the renewal of fixed capital, because of its inertia and slow adjustment to new productive methods, forms the crucial point of tension for the periodic cycles that usually restores the productive powers on a higher level, it is the fall in the rate of profit that marks the real expression of crisis. To conclude, we shall therefore briefly turn to Uno's periodic understanding of the fall in the rate of profit. For Uno, 'the tendency of the rate of profit to fall can only be observed by comparing the so-called normal or average level of the profit-rate which appears in the prosperity phase of the business cycle with that which appears in the same phase of another cycle'.[457] Expanded production ('prosperity') for Uno however is accompanied by an 'inevitable rise of wages' which 'sharply depress

453 'Crisis. By no means burnt out on the Continent yet (esp. France). Incidentally, what the crises have lost in intensity, they have now gained in frequency'. Marx's letter to Engels, 4 November 1864. Marx and Engels 1987, p. 19.

454 See Marx's remark that periods of boom, in which workers received higher wages, were becoming shorter. See Marx 1989 [1872–5], p. 553.

455 Clarke 1994, p. 267.

456 Clarke 1994, p. 261.

457 Uno 1980, p. 89 and Uno 1964, p. 175.

profit'. Economic crises, Uno subsequently contends, arise 'fundamentally from the superabundance of capital due to this sudden fall in the rate of profit', so that the rise of wages is the primary reason for a fall in the rate of profit, similar to what Ricardo states. To be sure, for Marx, too, a high value of labour power will depress profit, and is therefore incompatible with the development of the capitalist mode of production. But then the wage level and the number of workers cannot be the real cause for crisis. Marx therefore rejects a theory of 'profit squeeze' as an explanation of the fall in the rate of profit, but locates it, as we have seen, in the drive of capital to expand the forces of production without limit. The rise and the fall of wages is the primary determinant of the pattern of accumulation, so that the supply and demand of labour does not form a coherent explanation of crisis, at least not one that is a 'theory of the dynamics of the capitalist mode of production which establishes the tendency to crisis as something inherent in those dynamics'. For Uno, however, with the determination of the periodic fluctuation of the profit rate according to the supply of labour power as the constant variable, the explanation of 'business cycles' is exhausted: 'Capitalism … develops through business cycles of some definite periodicity; the general rate of profit, too, tends to fall as it fluctuates in the course of the cyclical process'.[458] For Uno, therefore, 'the social regulation of capitalist-economic processes requires two laws of profit to supplement the law of value':

> the law of the equalisation of profit-rates on the one hand, and the law of the falling tendency of the profit-rate on the other. According to the former, the centres of gravity of fluctuating prices are production-prices instead of values; according to the latter, the tendency of the rate of profit to fall asserts itself only in the long run across cyclical ups and downs.[459]

Uno rejects two basic results form Marx's own analysis: labour values as forming the centre of gravitation for prices of production, and *not vice versa*,[460] and the framework of the LTRPF, which is completely independent of the theorisation of business cycles. In this chapter on the law of value as the law of crisis, we could see how capital, by creating the *conditions* for the production

458 Uno 1980, p. 89 and Uno 1964, p. 175.

459 Uno 1980, p. 90 and Uno 1964, p. 176.

460 Prices of production forming the 'centres of gravity' is thoroughly implausible: since they are only (a very distorted) expression or appearance of values, i.e. a value *form*, they cannot themselves form a 'centre of gravity'. Prices for Marx are an explanandum, not an explanans.

of (surplus) value, simultaneously undermines the realisation of that value: this is already clear from the 'formal' possibility of crisis in money interrupting the process of 'every purchase being a sale', from the generalisation of overproduction and overaccumulation, and from the creation of a constant relative surplus population and increasing polarisation of capitalist society in the course of accumulation. We have discussed the law of the tendency of the rate of profit to fall as a consequence of increasing accumulation on a higher scale (a 'meta-theory', according to Bellofiore) as the long-term and secular tendency of capital to fail to provide the means necessary for social reproduction on the same scale by increasing the redundancy of labour. The development of capitalism is therefore inherently the development of the poverty of the mass of the population. Uno's more optimistic outlook may in part be explained by the particular historical trajectory of economic boom in 1950–60s Japan. But we have to take him by his word when he says that he wanted to present capitalism in its 'pure form', which supposedly abstracts from specific historical circumstances. In our estimation, not only is his view of business cycles mistaken, as is his insistence that the supply of labour power is the most fundamental variable. His principal misrecognition of capital as a fundamentally contradictory mode of production shows the limits to Uno's approach towards a 'pure theory' – a theory which would have to account for the contradictory character of its object.

But what is the impact of Uno's 'pure theory', the method of his three-level approach to political economy, on more recent discourses of value and money, the historical and the logical, and the prospect of revolution, both in the Japanese and the international context? Because Uno's theory was not confined to its own theoretical context and setting in late 1940s to 1970s Japan, and was adopted, reconsidered, and – as we will show – even radicalised, we shall conclude this study with a critical evaluation of its reception.

CHAPTER 5

Uno's Legacy in Japan and Beyond

> There are always two principles confronting each other: the abstract and the concrete, the universal and the singular, the dead and the living [*das Tote und das Lebendige*], the identical and the non-identical, exchange value and use value, capital and labour. The bad chiliasm associated with a 'theory of revolution' has shown itself in the simple aggregation of one side of these conceptual couplets as the untrue whole and the other side as the principle of hope, or put even more simply, as evil and good. Thus the significant content each of these concepts had in the Hegelian and Marxian dialectic at their specific place of mediation was necessarily lost, and it is here that the real crisis of the theory of revolution consists, that is, in its fragmentation [*Auseinanderfallen*] into, on the one hand, an apocalyptic conjuring of doom and into an indefatigable faith in the good on the other.
>
> KORNELIA HAFNER, 1993[1]

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What is the legacy of Uno's thought in the present discourse on value, capital, history and the social forms they present? This chapter will evaluate the problems elucidated with regard to Uno's pure theory in the theoretical spectrum developed in such diverse areas of research as the 'post'-Uno School of value theory in Japan (5.1.), the Anglophone Uno School (as in Thomas T. Sekine's and Robert Albritton's work) (5.2.), and aspects of Uno-affiliated historiographies in the Anglophone world today probably best represented in recent works by Harry Harootunian and Gavin Walker (5.3.). Despite their different theoretical interests and incentives to utilise Uno's theory for their respective views of value, money, form of production, history and the question of resistance to capital, they share a common theoretical basis that informs their respect-

1 Hafner 1993, p. 84. Many thanks to Eric-John Russell for his help with the translation.

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ive interventions: the disavowal of *value* as the organising principle of modern capitalist social relations and, by the same token, the hypostatisation of the *use value aspect* of the commodity form as the motivator of capitalist exchange relations (in the post-Uno School of value theory) or even as site of resistance to capital (Walker). Whether the use value aspect is used affirmatively in the sense that it serves as the expression of exchange relations, against the social form of value, or affirmatively in the sense that it provides 'apparatuses' (Walker) that resist alleged 'teleologically determined agendas of capitalism' (Harootunian), both share an indebtedness to Uno's theoretical framework we have previously problematised as use value fetishism. This chapter will scrutinise the 'career' of the use value fetishistic aspects in Uno's theory in more recent international scholarship.

Even after the demise of the influential Uno School in the 1980s, Japanese economists have been continuously engaged in the categorial reconstruction of Marx's Critique of Political Economy, especially the theory of value and money. Writing in the 1980s–2000s, authors like Ebitsuka Akira, Mukai Kimitoshi, Masaki Hachirō, Kataoka Kōji, Umezawa Naoki, and others, broadened the value theoretical views of Uno School orthodoxy to include the Neue Marx-Lektüre (the German 'new reading of Marx'), French structuralism (in the economists C. Benetti and J. Cartelier), the regulation school (M. Aglietta), and other approaches. However, the integration of more internationally diverse scholarship notwithstanding, the recent value theoretical debates in Japan remain heavily influenced by Uno's idiosyncratic reinterpretation of Marx's *Capital*. In his reconstructive reading, stretching from his works on Value (*Kachiron*, 1947) to his better known Principles of Political Economy (*Keizai Genron*, 1950/1964), Uno, as we have seen, strongly criticises Marx's 'derivation' of money from the analysis of the commodity and the labour theory of value.

Chapter 5.1. will review not only the remaining influence of Uno on the newer Japanese readings of *Capital*, but also confront a reading that poses what we believe is a false opposition of money and value in Marx's critique of political economy. This view is perpetuated by Ebitsuka Akira and Mukai Kimitoshi's appropriation of the 'monetary approach' of Benetti/Cartelier on the one hand, and Hans-Georg Backhaus's and Michael Heinrich's 'monetary theory of value' on the other, leading them to discard the labour theory of value in favour of a 'money only'-approach. While we will problematise the appropriation of Backhaus and Heinrich for this strategy, we will show that the dismissal of value theory leads to a reinterpretation of Marx's critique of the capitalist relations of production as a Baileyan apologetics of the same – a position which we believe is both theoretically and practically precarious.

Chapter 5.2. will question the equilibrium approach to capitalist (re-)production already found in Uno and resuscitated in Sekine's work. In it, Sekine's critique of non-equilibrium approaches to capitalist economy, especially Duncan Foley et al.'s 'New Interpretation', will receive a fundamental counter-criticism, reinstalling the centrality of Marx's labour theory of value as the core critical theorem and heuristic of capitalist relations and their bourgeois interpretation. In the same vein, Sekine's view of the 'law of value' as a law of general equilibrium will be shown to stem from an apologetic view of capitalist relations of production. A similar apologetic view of capital is repeated in Albritton's approach to Uno's stages theory. Not only does Albritton adapt the view of the law of value as the sustenance of an 'ideal' balancing between supply and demand, thereby introducing the idea that essentially capital produces *use values* to guarantee general social reproduction, eschewing the problem of *moneyed* demand (and therefore that of capitalism's specificity), but he focuses on the problem between the logic and the history of capitalist development that he finds solved in Uno's theory of stages (*sandankairon*). In it, the level of pure theory corresponds to the equilibrium force of the law of value and the realm of 'ideal use values', while the level of the concretely historical is reflected in key developmental stages of capitalism as there are the stages of mercantilism (merchant capital), liberalism (industrial capital) and the stage or era of imperialism (finance capital). However, as we will argue, Albritton's insistence on the methodological separation of stages theory on one side and the alleged 'purity' of the principles of capitalist logic on the other do not constitute an organic whole, but remain external to one another, leaving the claim of a meaningful reconciliation of the logic and history of capital wanting (and, as we will see, tautological). More importantly however, Albritton, like Uno, fails to acknowledge the epistemological status of value, in that, as a real abstraction, it does not describe an 'ideal' or 'hypothetic' *assumption* about the organisation of the capitalist mode of production, but its *actual implementation* and *contradictory effects*, including the problem of economic *crisis* absent from Albritton's (as well as Uno's) theorisation. The methodological objection and resentment against demonstrating the intrinsically devastating effects of the law of value, or rather surplus value, in a *real historical situation*, which was Marx's incentive for many of his illustrations in *Capital*, bears a significant symptom of the inherently apologetic character of Albritton's contribution.

In Chapter 5.3., we will take up the issue of real subsumption as a critical category within Marx's fetish-critical method and the serious misinterpretation it receives in Harry Harootunian's 2015 book *Marx After Marx*. In it, Harootunian argues that rather than real subsumption, it is the term of *formal subsumption* which more accurately describes the current 'different histor-

ical temporalities'[2] and 'uneven development' that areas beyond the 'Western world' have undergone. The concept of formal subsumption, for Harootunian, 'offers … a way out of both the vulgate Marxian and modernizing bourgeois historical narratives constrained to fulfilling teleologically agendas of capitalism that have claimed the unfolding of a singular trajectory everywhere'.[3] This could allegedly be seen in the '"effectivity" of practices and institutions and the role played by uneven temporalities produced by incorporating and metabolising pasts in the present', against 'the illusory claim of capitalism's inevitable completion everywhere'.[4] Instead, Harootunian attempts to bring to the fore instances of 'singular contexts', which may 'very well have blunted the direct consequences of both expropriation and exploitation or masked their harshness and contributed to delaying the realization of real subsumption'.[5] To counter what we think is the real subsumption of meaning rather than the meaning of real subsumption in this approach, a look at the specific uses and misuses of Marx's terminology and theorisation of 'real and formal subsumption' is called for. We will present a radically different reading of real subsumption that focuses on real subsumption as a methodological heuristic indicating the 'completed' fetishisation of the capital relation. We will show that real subsumption 1) presents a *critical category* directed against the 'fetishism of the political economists', 2) forms not only the incentive, but the *actual object* of Marx's analysis of the capitalist mode of production, and 3), by directly corresponding to the production of relative surplus value, it allows us to conceptually permeate the mechanism that effects the dominance and perseverance of capital on a global scale, the 'overcoming' of any obstacle, economic or political, that may impede the appropriation of unpaid surplus labour in our present historical time. Harootunian's taxonomical subordination of real under 'formal' and 'hybrid forms' of subsumption, expressed in globally different cultural practices, not only misrecognises the *specifically economic* character of the relation between capital and labour and the ways its analysis contributes to a theory of class and wage dependency, but, with his resentment against the concept of real subsumption as a critical theory of the appropriation of unpaid and alien surplus labour, Harootunian unwittingly makes a case for the neoliberal view of 'different capitals' whose workings cannot be solely evaluated from the standpoint of (surplus) value extraction. As we will show, he thus invites a cynical view of the hardships of billions of people

2 Harootunian 2015, p. 20.
3 Harootunian 2015, p. 19.
4 Harootunian 2015, p. 19.
5 Harootunian 2015, p. 62.

with 'culturally different' backgrounds and 'singular contexts' whose daily grind in a globalised world Harootunian surprisingly finds unworthy of mentioning.

Insofar as Harootunian's perspective on the present world is informed by the view of a not-yet-subsumed 'temporality' or 'space' withdrawing from the 'grip' of value or capital, i.e. the aspect of use value against value, we find a similarity with Gavin Walker's 2016 book *The Sublime Perversion of Capital* and its highly original approach to Uno's work. The leading question will not so much concern the tenability of Uno's (and with it, Walker's) contention about the *muri* of the commodification of labour power, i.e. the assumption that labour power as a commodity cannot be directly produced by capital (for this, see our Chapter 2.2.), but rather the implications this view has for an alleged 'paradox' between the 'inner' valorisation logic of capital and history's 'exteriority' that likewise serves as a buttress for capital's self-image as the logic of a 'smooth circle'. In this area of conflict or *Spannungsfeld*, Walker posits his intervention via its emphasis on the 'resistance' that the commodification of labour power, or rather, its '(im)possibility', presents to capital's drive, located in the sphere of consumption. We will argue that neither is there a theoretical 'paradox' between the logical 'interior' and the historical 'exterior', nor does the spectrum of use value provide a meaningful category of resistance to the capitalist mode of production. Drawing on Kornelia Hafner's seminal critique of 'use value fetishism', this chapter, and the present book, will conclude by highlighting the ideologically precarious character of the lopsided view of the capitalist contradiction, and counter it with the possibility of resistance the contradictory character of the concept of value itself.

5.1 Money vs. Value? The 'Monetary Approach' in the Post-Uno School of Value Theory[6]

The task of this chapter (5.1.) is to problematise aspects of the development of value theory in Japan after Uno. More specifically, it aims to review and critically evaluate the post-Uno School's appropriation of the 'monetary approach' in Benetti-Cartelier and the 'monetary theory of value' of the Neue Marx-Lektüre. These appropriations culminate in the general contention of post-Uno School theorists that Marx's labour theory of value, or 'value theory' in their dictum, and the '*monetary approach*'[7] have to be set apart as two distinct and opposi-

6 An abridged version of this chapter can be found in Lange 2019c.

7 Cartelier 1991, p. 257.

tional theoretical paradigms, which ultimately 'amounts to *postulating money* and discarding value theory', as these authors conclude with Cartelier.[8] They therefore hypostasise an opposition of money and value, pitching their monetary approach as an '*alternative to the theory of value*'.[9] We will show that this approach owes to a truncated reading, if not outright misunderstanding, of Marx's critical intervention against classical political economy, and therefore against the 'interpreters' of the capitalist mode of production.[10] The view of money as 'having nothing to do with value' – i.e. with the substance of value in abstract labour as a category of production and its measure in 'socially necessary labour time' – is especially eminent in Ebitsuka Akira and Mukai Kimitoshi's works which this chapter will review more closely. Ebitsuka and Mukai are arguably most radically opposed to Marx's central theorem, which is why the focus on these authors is most promising in evaluating the development of Japanese value theory after Uno. Ebitsuka's and Mukai's intervention lies in approximating the Benetti-Carterlier paradigm, while Mukai's more strongly focuses on that of the Neue Marx-Lektüre, especially Hans-Georg Backhaus and Michael Heinrich. Roughly, both Ebitsuka's and Mukai's argument, despite their differences, relies on the assumption that Marx's demonstration of the 'genesis of the money-form' – 'a task never even attempted by bourgeois economists' (Marx) – implies, on the one hand, a 'substantialist', i.e. transhistorical and physiological understanding of the substance of value as abstract labour, and a 'form-oriented' analysis of money whose existence *precedes* market exchange. Money, in these theories, is autonomous and self-explanatory and need not be grounded in the 'substantialist' and 'pre-monetary' labour theory of value. The latter must therefore be discarded. More strongly than Uno, and in parts in direct opposition to him,[11] they conclude that value is constituted in exchange, and abstract labour is not a category of production, but of the market. Where these views agree with Uno, however, is in their conviction that money logically *precedes* commodity exchange, and therefore the analyt-

8 Cartelier 1991, p. 260.

9 Cartelier 1991, p. 257.

10 In 1989, R. Bellofiore already made the cause for a 'Monetary Labour Theory of Value'. The present essay rather diverges from Bellofiore's results, while sharing its general impetus. See Bellofiore 1989.

11 See Ebitsuka 1982, where he argues that Uno's 'proof' of the labour theory of value in the context of the production process of capital was still too tied up with a 'substantialist' view of value. Instead, the labour theory of value was to be conceptualised as a theory of equilibrium, i.e. a theory of exchange, in which supply and social demand are directly proportional.

ical approach to the commodity: money is not to be derived from the commodity, but the commodity from money. Money therefore becomes the basis for social relations, which cannot be further deduced.

Against this view, this chapter will argue that these criticisms remain on the analytical level of what Marx called the 'fetishism of the bourgeois relations of production', in that it no further asks what money *actually is*. Marx instead demonstrates that it is the inverted and 'dazzling' expression of the *social form of labour* that, as the predominant value-form – and therefore as *fetish* – obfuscates its constitutive content in the specific social form that labour takes under the conditions of its confrontation with capital. We will argue that the opposition between value and money is a *false* one, ignoring the specificity of money as the fetishised appearance of abstract wealth, which can only be meaningfully analysed on the basis of the social character of labour it is the 'direct incarnation' of. Marx's labour theory of value is not only *not opposed* to the theory of money, but the latter can only be meaningfully explained on the basis of the former. According to our understanding, Marx's theory of value is therefore primarily a theory of the *form-content* (Formgehalt) and of the necessary *constitution* of the fetishistic forms of value (the commodity, money, capital, wage, profit, interest, rent, etc.), the latter of which form the categories of the bourgeois horizon. This chapter's main focus of critique and concern therefore is the tendency towards a nominalist theory of money to be witnessed in the post-Uno School, relying on a model of money and exchange close to classical or 'vulgar' economist Samuel Bailey and the school of marginalism, which indeed parts with Marx's crucial insights while claiming adherence to it in its attempts to bring forward a Marx uninhabited by what the post-Uno School sees as the 'relicts' of the classical 'labour theory of value'.

The focus will be on refuting the Baileyan propositions of this newer functionalist and nominalist reading of money, arguing, first, that money as 'means of circulation' or 'symbol' is not an *explanans*, but an *explanandum*. Second, Marx's analysis of money *already contains the further analysis of* capital, which is Marx's main concern. It will do so by evaluating Ebitsuka's appropriation of Benetti-Cartelier's monetary paradigm, its misconception of the notion of 'private labour' and the absence of the problem of class to show that the monetary approach adopted by Ebitsuka and Benetti/Cartelier alike falls short of the Marx's *Problembewusstsein* of the inner nexus and predicament of capitalist sociation. Third, this essay will critically review Mukai's appropriation of Hans-Georg Backhaus and Michael Heinrich's readings of Marx for Mukai's own agenda of 'abandoning' the labour theory of value. It will show that this attempt is not only misguided, but contains a wilful distortion of Backhaus's and Heinrich's interventions.

Finally, we will contend that the strange ignorance of Marx's larger *Problemstellung*, namely that the theory of value serves as the key heuristic analysis to the 'riddle' of money, capital, and other value-forms, in these recent approaches not only leads to a surrender to neoclassical views of value and money – views which the authors claim to refute. It also leads to an abandonment of any idea of modern society. Since, for them, capital and class do not exist, we must ultimately conclude that modern society does not exist either.[12]

5.1.1 *The Benetti-Cartelier Paradigm: The Logical Prevalence of Money*

In his 1984 essay 'Money and the Critique of Political Economy. The Problematic of the Critique of Political Economy according to Benetti-Cartelier',[13] Ebitsuka presents Benetti-Cartelier's 'monetary' approach as a helpful solution to the problems posed not only by classical and neoclassical economy, but also Sraffian 'neo-Ricardianism' and their disregard for money as constitutive for what they call 'market society'. This rethinking of Marx's theory of money, 'couched within an explicitly stated Marxist disposition',[14] can be considered as a radicalisation of Uno's claim concerning the dispensability of the labour theory of value on the terrain of Marxist debate. Ebitsuka therefore sets the discussion of the Benetti-Cartelier paradigm roughly in the (at the time of Ebitsuka's contribution) recent and well known 'Value Controversy' among Anglo Marxian value and money theorists[15] of the late 1970s that culminated in Ian Steedman's and Paul Sweezy's publication of the same name in 1981. The neo-Ricardians in the debate – predominantly Steedman[16] – held the so-called 'redundancy'-thesis,[17] namely that, with given physical quantities of inputs and their ratio, i.e. given wages and means of production, the labour theory of value – as Sraffa had already suggested in his seminal *Production of Commodities by Means of Commodities* in 1960 – becomes redundant. This becomes especially apparent

12 In his critique of Cartelier, William J. Urban does not beat around the bush: '… we suspect that Cartelier disavows his true bourgeois agenda: believing to be acting on behalf of Marx's cause despite his exclusive utilization of the non-dialectical logic of ordinary economic theory, he dismisses Marx's arguments for deficient reasons in order to clear the way for an alternative model that is not needed'. Urban 2010, p. 2.

13 Ebitsuka 1984.

14 Urban 2010, p. 2.

15 With the exception of Itoh, all the contributors were faculty members of British or US higher education institutions.

16 Steedman's view is elaborated in his *Marx after Sraffa* (1977), the discussion of which is beyond the scope of this chapter.

17 See Steedman 1981, p. 15; Heinrich 1999, pp. 275–6.

in Marx's 'faulty'[18] proof of the transformation of labour values into prices of production that regulate the general rate of profit: because the rate of profit (s/c+v) *cannot be expressed in terms of labour values*, but only by 'already transformed' prices of production,[19] Marx was wrong to hypostasise s/c+v, in which s, c and v 'are "valued" in terms of labour contents', as the rate of profit. In the latter, the ratio of the surplus product to the capital advanced is 'valued' *in terms of prices*. s/c+v is therefore '*not* the rate of profit', Steedman argues: '… the fact is that the profit rate and prices of production have to be treated *simultaneously* within the theory'. With given physical quantities of outputs and inputs, including labour-time, in each industry, and a given bundle of commodities constituting real wages (Ricardo's original assumption), this approach can show three things: 'First, those data suffice to determine, proximately, the rate of profit and the prices of production … Second, the rate of profit does not, in fact, depend on all those data, but only on real wages and the direct and indirect conditions of production of those wage goods … Third, no quantities of embodied labour play any necessary role in the determination of either the rate of profit or prices of production':

> '[E]mbodied-labour' quantities are entirely redundant, even within a surplus-based theory … The quantities of labour embodied in … a commodity are determined precisely by the physical quantities we took as data. But those same data suffice to determine the rate of profit and prices of production: hence embodied-labour quantities are necessarily redundant.[20]

How does Ebitsuka – using the approach by Benetti/Cartelier – overcome the shared rejection of the labour theory of value with Steedman and the Sraffians, while simultaneously rejecting the Sraffians' non-monetary 'solution' to the transformation problem?

In the context of the 'Value Controversy', Ebitsuka proposes that the 'value system' (*kachi taikei*) and the 'production price system' (*seisan kakaku taikei*) both stem from a system of 'physical resources' (*butsuryō taikei*) that assumed

18 Steedman 1981, p. 13.

19 Steedman correctly sees that Marx did not think labour values and 'relative prices' (production prices) were 'equal', but that 'the rate of profit and normal prices, under capitalist conditions, can be *explained in terms of* labour quantities'. Steedman 1981, p. 14. Original emphasis. The question of course remains how the expression '*in terms of*' can be more precisely defined.

20 Steedman 1981, p. 15. For a critique of this 'solution' to the transformation problem, see Moseley 2016, pp. 230–43; Heinrich 1999, pp. 272–84.

a fixed production technology, and wages as 'bundles of commodities'. The first is an 'evaluation system working under the assumption of homogenous labour with the postulate of an equal rate of surplus value', while the second is 'an evaluation system which postulates an equilibrium in the rate of profit'.[21] For him, the *differentia specifica* is not between the two systems, but between these two systems and another one, namely 'the theory of abstract labour':

> The main contention in the 'theory of abstract labour' (*chūshōteki rōdō ron*) of market society being a theory of the mode of social formation … is [the question how] in an 'economy having undergone a dispersion that does not acknowledge any kind of social synthesis as a precondition' can the various private elements (*shiteki sho yōsō*) [the products of private labour, ELL] be mutually related, and, as social elements forming a society, socially recognised for the organisation of society?[22]

Ebitsuka's emphasis is on the aspect of social evaluation where both the value and the production price system fail: 'In both systems of evaluation, the social evaluation system is completely ignored'.[23] It must therefore be substituted with a theory of abstract labour that accounts for the 'mode of social formation' in which its elements – commodities – are mutually related, so that they become recognised as aliquot parts of total social production: and its 'locus', so to speak, is in exchange. Ebitsuka hence declares 'embodied labour'-theories of value redundant, by claiming 'abstract labour' to be a category of the market. He thinks he operates within Marx's field of vision: '[Marx's concept of value] … is not [a theory of] the 'embodiment of labour', but related to abstract labour that establishes and mediates exchange relations'.[24] To return to the

21 Ebitsuka 1984, p. 684.

22 Ebitsuka 1984, p. 685. Ebitsuka here relies on Michel de Vroey's assumption that abstract labour is socially validated through exchange: 'Labour is first performed as *private labour*, initiated by an independent decision. It is transformed into social labour through, and only through, the sale of its product. When social labour is formed in this context, it is called abstract labour, the adjective referring to the operation of homogenization or abstraction achieved by exchange on the market'. de Vroey 1981, p. 176. The problem of the monocausal linearity of this approach aside – is privately performed labour and its elements, the means of production and labour power, not already bought on the market? If yes, the production process, which is initiated with these elements, must be equally *social* – de Vroey, as well as the other proponents of the 'exchange theory' of abstract labour, are begging the question: they forget that the *condition of possibility of exchange cannot be exchange itself*. They don't explain on the basis of *which of its faculties* different use values can be exchanged – and therefore relate to each other as *commodities* – at all.

23 Ebitsuka 1984, p. 684.

24 Ebitsuka 1984, p. 684.

initial question: what makes the labour theory of value, understood as a theory of the substance of value in 'labour', redundant is *not* a return to physical quantities of inputs and outputs, as the Sraffians believe, but the emphasis on exchange relations: abstract labour is a 'post factum' that can only have any sort of legitimacy in the social mediation of commodities on the market. Consequently,

> the problem that arises in the key concept of abstract labour is that, because it is a concept established post factum (*jigoteki ni*) by passing through (*tsūjite*) commodity exchange, guaranteeing the homogeneity of commodities before commodity exchange and rendering exchange relations possible, any kind of substance is unlikely.[25]

For Ebituska therefore, the reconstruction of the theory of the mode of social formation must be embedded in the 'theory of exchange' (*kōkan ron*) to overcome the framework of neo-Ricardianism.

That, however, is not all. Drawing on the work of Benetti/Cartelier, especially *Marchands, Salariat, et Capitalistes* (1980), Ebitsuka seeks to reveal the *ideological* implications of the anthropological hypothesis of classical political economy. Let us briefly contextualise Benetti/Cartelier's basic propositions.

Carlo Benetti and Jean Cartelier's work is situated in the context of the book series *Intervention en économie politique*, published by François Maspero with Presses Universitaire de Grenoble since 1974. Since that time, in their numerous articles and essays, Benetti and Cartelier were actively promoting a 'heterodox political economy', against the 'nomenclature' of the classics and neoclassics alike. Assuming an Althusserian ideology-critical framework, in which not only schools, but also universities are viewed as 'places of ideology-building',[26] they aim at the evaluation of levels of domination in capitalist economics. The task of the critique of political economy for them is the critique of the 'rationalisation' of capitalist ideology, by which they intend to adapt Althusser's ideology critique for what they call an '*approfondissement*' of Marx's critique of the classics. Somehow assuming the character of a non-sequitur to this theoretical objective, their main intervention is the declaration of money as the central 'economic object', an object 'overlooked' by classical political economy. They reject the logic of derivation of money from the commodity, as can be found not only in the classics, but also in Marx. In a recent article,

25 Ebitsuka 1984, p. 685.
26 See Ebitsuka 1984, p. 681.

recapitulating their original intervention from 30 years earlier, Benetti and Cartelier insist that

> [Our] refusal of a presupposed commodity-space (the so-called *hypothèse de nomenclature*) and our suggestion to conceive of individuals as pure accounts are two complementary ways of emphasizing social objectivity – money – against a 'natural' one – use values … We have presupposed money (far from the illusions of micro-foundation) to make it clear that economic theory is a component of our society …[27]

Money, according to Benetti/Cartelier, is the '*a priori*' mode of existence for the possibility of the particular social structure and organisation of the capitalist mode of production. Its existence therefore precedes the existence of the 'commodity form' – much akin to Uno's understanding.[28] According to Benetti/Cartelier, the 'nomenclature' of conventional political economy has ignored the specific social nexus provided by money. Instead, they resort to an 'ideological anthropology' (Althusser) of the 'physical world' in which 'man' as the 'desiring subject' is the 'secretion' of market society, a 'subject' which finds itself facing 'objects' (or 'use values') made for the satisfaction of his own needs and desires.[29] Cartelier:

> The contention of the *nomenclature* results in the hypothesis that the narrative of the totality of the various things that have been attributed to the 'good' or the 'commodity' is possible before it has anything to do with society. In other words, the specific social form (exchange, production, etc.) is constructed on the basis of a 'neutral substrate' (*un substrat neutre*), which is the potential and natural '*monde physique*'.[30]

While Benetti/Cartelier distinguish a classical and a neoclassical form of this 'naturalist' reduction, they reject both, demanding a theory of the economic

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27 Benetti/Cartelier 2013, pp. 19–20. Thanks to Michael Gaul for bringing this article to my attention.

28 Benetti/Cartelier's theory has been accused of various 'reductionisms' and misreadings, including a 'conceptual limitation to a form of "monetary purism"', where 'this limitation makes it incapable of attributing any theoretical status either to the labour force or to the wage-labour nexus'. See, e.g. Sobel and Postel 2014. See also Stavros Mavroudeas's critique, who however claims Benetti/Cartelier belonged to the 'Rubin school'. Mavrouedas 2017. See also William J. Urban's discussion of Cartelier 1991, to which we pointed earlier.

29 See Ebitsuka 1984, p. 687.

30 Cartelier 1976, p. 94. Quoted in Ebitsuka 1984, p. 686.

basis that overcomes the 'conceptual chain' or derivation from the 'good' to 'money' to the 'commodity'. This theory must account for a) the social character of the economic nexus (against the naturalism in the classics and neoclassical theories), and b) a 'space of commensurability'[31] (*espace de commensurabilité*) where not 'all objects acquire a monetary character' and 'each one is the equivalent against all others' as in barter,[32] but where money is *excluded* as the specific agent causing homogeneity of all the commodities it mediates. For this aim, in *Marchands, Salariat, et Capitalistes*, they proceed from two hypotheses:

> (H1) La société est donnée et le lien entre ses éléments est la séparation, dont l'expression est l'unité de compte commune.
> (H2) Le mode d'existence de la séparation est la rupture entre le privé et le social.[33]

The economic 'common unit of calculation' here is money. For Ebitsuka, these claims have far-reaching consequences for the theoretical status of money: '… H1 addresses the "separation" (*bunri*) =[34] the social relations of a market society as the dispersed social relations (*bunsanka shita shakai kankei*), which *presuppose the existence of money*, i.e. the common unit of calculation. H2 addresses the specificity of a dispersed society in which private evaluation and social evaluation do not coincide'.[35] Only by being 'private', as Ebitsuka summarises Benetti/Cartelier's argument, can the various amounts of the common unit of calculation be *socially* recognised (*reconnaissable*). Only by the 'social self expression' (*shakaiteki jiko hyōji* /*autodéclaration sociale*) of the common unit of calculation, money, does the 'private' acquire a social meaning.[36] Generally, in a market society, the quantity of 'self-expression' and the quantity of social evaluation do not coincide. This is the 'rupture' between the private and the social. This rupture is reflected in the 'two factors of the commodity',

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31 Ebitsuka 1984, p. 688, quoting de Vroey 1981, p. 178. Somewhat counterfactually to his previous proposition that exchange is the locus of social coherence, de Vroey now assumes value to be defined as 'a space of commensurability without which no relation of equivalence could be established. *Prior to any measurement*, an abstraction must be constructed'. Emphasis added. De Vroey 1981, p. 178.

32 Benetti/Cartelier 1980, p. 90. Quoted in Ebitsuka 1984, p. 688.

33 Benetti/Cartelier 1980, p. 12. Quoted in Ebitsuka 1984, p. 690.

34 Ebitsuka uses an equals sign between social relations of market society and 'separation', the latter of which he attributes to Aglietta 1976, pp. iv–v.

35 Ebitsuka 1984, p. 690.

36 As for the problem of private labour, see next page, and the referenced footnote.

where use value acts as the individual factor, and value as the factor of homogenisation. Instead of the 'human as desiring subject', it is 'money as a symbol'[37] of market society from which, in this world, meaning is given.

> … in sum, they [Benetii and Cartelier] come to show that money → 'the commodity' → 'the good' (*zai*) is a conceptual chain that is the opposite of political economy. This conceptual chain rejects the system of meaning (*imi taikei*) of 'political economy', provided by 'man as desiring subject' that is an 'ideological anthropology', and can be viewed as a structure theory of a system of meaning which is established when the theory of money as symbol is adopted.[38]

Ebitsuka sees the advantage of such an inverted analysis of money – measured against Marx's – in the following:

> In Benetti/Cartelier, the social relations precede the various 'subjects', and can be grasped as making the mutual relations of the various members of this society as social 'subjects' possible in the first place. Here, money is just another name for social relation. Money assumes the position of the centre of market society. Against political economy, which, with its market ideology, cannot sufficiently grasp market society as money *economy*, Benetti/Cartelier have shown a way out.[39]

For Benetti/Cartelier, the 'logical prerequisite' of the universal equivalent 'for the [market] relation to exist', i.e. the logical prevalence of money results from the alleged impossibility to 'deduce' the money from the commodity form. Their argument oscillates between denying the possibility of an economy without money[40] and attempting to refute Marx's analysis of the value form, in which Marx showed the 'origin of this money from the simplest, almost imperceptible outline to the dazzling money-form',[41] which would make the mystery of money disappear. These arguments belong to different levels of abstraction – while certainly Marx did not deny that a *capitalist* economy was impossible without money, he further asked *what money actually is* and *by which of its fac-*

37 Ebitsuka 1984, p. 692.
38 Ebitsuka 1984, p. 692.
39 Ebitsuka 1984, p. 692.
40 'If an economy without money is assumed as a starting point, it is logically impossible to get a monetary economy as an outcome'. Benetti/Cartelier 1998, p. 158.
41 Marx 1976, p. 139.

ulties it was endowed with being the universal equivalent at all. This question is unfortunately beyond the scope of Benetii/Cartelier's, Ebitsuka's, and Uno's, interest. Rather, they insist that 'the solution Marx proposed [of deriving the money from the commodity form] is incorrect'.[42] In our view, Fred Moseley has already successfully demonstrated where Benetti/Cartelier's reading of value form analysis is misguided, and the critique therefore need not be repeated here.[43] Instead, as seen above, for Benetti/Cartelier, money must be understood as 'symbol.' The problem of a 'symbol' theory of money, however, does not disperse with the problem at hand: namely, by which of its faculty, money can become the universal equivalent at all – and what it is that money actually measures.[44]

5.1.2 *The Strange Meaning of Private Labour and the Absence of Class*

The approach of the 'logical prevalance of money' over value remains strangely obscure as to its *own cognitive gain over and above* Marx's analysis of the value form. More pertinently however, a certain question begging is involved in Ebitsuka's and Benetti/Cartelier's position – if not dominantly informing it. Precisely by conjuring away the problematic of the *social form of labour* by relegating abstract labour to the sphere of circulation and exchange, and not to

42 'The monetary form of value cannot be obtained by inversion of form II of value. In an economy composed of n commodities, form II does not contain (n-1) expressions of relative values (or particular equivalents) as Marx states. It contains n(n-1) expressions. It follows that the result of inversion of form II is nothing but form II itself'. Benetti/Cartelier 1998, p. 162. See also Benetti 1985, pp. 96–7 and Benetti 1990.

43 For a critique of Benetti's interpretation of Marx's development of the value form and the 'Necessity of Money', see Moseley 1998b (http://www.mtholyoke.edu/~fmoseley/working%20papers/BENETTI.pdf). Moseley has shown how Benetti's interpretation of the expanded form of value as the complete set of n expressions of the value of all n commodities, each in terms of all other (n-1) commodities as particular equivalents, is a misrepresentation of Marx's intent. In the expanded form of value (form II), one particular amount of the commodity in the relative form of value (here: 20 yards of linen) can be represented by a myriad of commodities in the equivalent form. It does not designate the value of the relative form and the equivalent form 'in terms of each other', but only in terms of 20 yards of linen. It is therefore incomplete. Interestingly, Uno's point is arguably different form Benetti's: Uno acknowledges that it is 'linen', and no other commodity, whose value expression is sought; he only doubts that its value expression must always be represented in a certain amount (e.g. 20 yards). See Uno 1980, p. 8.

44 As Engster has pointed out, '[a]ll symbol and sign theories of money misrecognise the *productive* meaning that [the act of] measuring has for the valorisation (*Verwertung*) of labour and capital, because no sign and no symbol theory of money can adequately grasp capitalism as a valorisation process measuring and realising itself in money'. Engster 2014, p. 488.

production, they have cut the path to recapturing the *social dimension of money* they explicitly seek to establish, against the neoclassicals and the Sraffians. Hence, their emphasis on the 'social dimension' of money is never redeemed. This is because, other than Benetti/Cartelier, and with them, Ebitsuka, believe, money is not an explanans, but an *explanandum* as a category of political economy. It becomes the social synthesis of private labours in a social context only *by virtue of being the* 'direct incarnation of all human labour',[45] of directly representing *all* individual and concrete labours, while representing *none of them* specifically – hence being the direct expression of *abstract* labour. Not only is the problematic of how the products of individual labours can relate to one another *as commodities at all* beyond the scope of Benetti/Cartelier's and Ebitsuka's interest. Their 'monetary approach' indeed also remains on the level of formalism, owing to their rejection of a meaningful basis on which the exchange relation can be grounded, namely abstract labour as the *social* 'substance' of value. In a word, they are begging the question: if money is the condition of possibility of exchange, what is the condition of possibility of money? It cannot be exchange. It is indeed striking how the social dimension of money – namely what relations of production money is an expression of – is eclipsed from Ebitsuka's and Benetti/Cartelier's 'deflationary' views, despite their insistence on emphasising it, against the Sraffians. But Ebitsuka, Benetti/Cartelier – and Uno – forget that money does not make commodities commensurable: 'Quite the contrary'.[46] It only *appears* to be able to do that precisely by being the palpable, material expression of a violent 'homogenisation' that has already been performed in the homogenisation of social labour and its 'quantification' as labour time, a process involving the totality of productive relations, predominantly that of class. Yet, money, being the fetishistic expression of value, 'does not reveal what has been transformed into it':[47] but a disparity between appearance and essence does not even occur to the 'monetary approach'. It can therefore be characterised as a *nominalist theory of money*, akin to the paradigms of neoclassical – in Marx's dictum, 'vulgar' – theory and

45 Marx 1976, p. 187.

46 Marx 1976, p. 188: 'It is not money that renders the commodities commensurable. Quite the contrary. Because all commodities, as values, are objectified human 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. Money as a measure of value is the necessary form of appearance of the measure of value which is immanent in commodites, namely labour-time'.

47 Marx 1976, p. 229.

its 'founding father', Samuel Bailey.[48] This problematic is also not solved by the 'private'/'social'-distinction or 'rupture' alone, especially when it shifts the emphasis away from the specific form of labour. Marx, in his analysis of the third particularity of the equivalent form of value,[49] emphasises *in what way the money fetish* 'exists' as the mediation of private labours in a social context: '… private labour takes the form of its opposite, namely labour in its directly social form'.[50] Benetti/Cartelier, in their strong reference to the term 'private' do not address this crucial social aspect of *money*. However, as pointed out by Marx in the third particularity of the equivalent form of value, the relation between social and private labour is *constitutive* for money. In order to understand this, however, one must possess an adequate grasp of the concept of 'private labour' – which Benetti/Cartelier lack. Especially Cartelier distorts the meaning of 'private labour' as a labour 'according to the labourer's own views' to unrecognisability.[51] That 'private labour' – understood as a kind of labour in which 'individuals have the choice'[52] – should then be irreconcilable with the fact that labour-power becomes a commodity under generalised surplus value production (i.e. unfree labour), i.e. where the worker 'does not have a choice',[53] demonstrates not only a fundamental misunderstanding of Marx's theory, and gives Cartelier's intention to reveal a 'contradiction' in Marx's theory of surplus value an almost embarrassing twist. But, as W.J. Urban correctly sees, it also betrays Cartelier's 'neoclassical economic bias', by making 'choice' the measure of freedom.[54] At the same time, however, this misrecognition is symptomatic for the *absence of class* in the Benetti/Cartelier approach. This fatal absence

48 We will come back to the Baileyist implications of the post-Uno School's and Ebitsuka's money theory further down.

49 The first and second particularities of the equivalent form, i.e. money, consist in taking the form of appearance of their opposite, i.e. value (not use value), and abstract labour (not concrete labour). See Marx 1976, pp. 148, 150–1. These three particularities are logically simultaneous. In the first edition of *Capital*, the fetish-character of the commodity formed a fourth particularity.

50 Marx 1976, p. 151.

51 'The labour processes are private ones, that is, oriented according to the labourer's own views. Essentially, individuals have the choice, and this generates the market as the adequate form for the confrontation of the products of labour. Labour processes have to be private and independent in order to be considered part of the commodity division of labour. To assume that some people are deprived of any means of production amounts to saying they are excluded from commodity production. Labour performed by wage workers is neither private nor independent. The choice of commodities produced and the way of producing them are determined by capitalists'. Cartelier 1991, p. 263.

52 Cartelier 1991, p. 263.

53 Cartelier 1991, p. 263.

54 Urban 2010, p. 12.

accounts for Cartelier's reading of 'private labour' as labour 'according to the labourer's own views', and not a mode of social production in which the sum total of the conditions of production belongs to the capitalist: private labour is capitalist labour. Private labour, more specifically, is based on the *independence and the unawareness* of the individual producers (i.e. capitalists), in that e.g. the specific quantity of a commodity to be produced *is not subject to previous negotiation* between all capitalists. The concept of private labour has therefore absolutely nothing to do with labour being 'free' and 'independent'. Cartelier's conclusion therefore, that the commodification of labour power (unfree labour) is incompatible with the commodity division of labour (private, free labour, labour as 'choice') is bizarre, to say the least. Saying that 'some people' (sic) are deprived of any means of production does *not* mean to say that they are 'excluded from commodity production', as Cartelier insinuates.[55] In fact, only when social relations between commodity owners, including class, are understood as a symmetrical, and not asymmetrical relation – in other words, when the 'free' market is declared as the 'adequate form' of social exchange and the conditions of production equally belong to all 'individuals', as Cartelier believes – does his crude hypothesis make any sense. However, a concept of class in which the contradiction between capital and labour is suspended, i.e. a notion of class in which the conditions of production do not belong to one class (i.e. the capitalist) against the other (i.e. the workers), is not a concept of class at all. And where there is no concept of class, i.e. a concept of unequal exchange, it is difficult to understand that money measures the expenditure of human labour in the abstract as the result of a *valorisation process* (the notion of valorisation implies that of necessary and surplus labour, and therefore that of class) in which it 'becomes the form of appearance of its own opposite', the token of equality, freedom and wealth *per se*: a fetish. As early as in the *Grundrisse*, Marx clarified money's fetishistic appeal to conventional political economy. It is political economy's taking categories *in isolation, i.e. abstraction*, that accounts for their 'overlooking' of the fundamental social *mediation*, that of class:

> What is overlooked, finally, is that already the simple forms of exchange value and of money latently contain the opposition between labour and capital etc. Thus, what all this wisdom comes down to is the attempt to stick fast to the simplest economic relations, which, conceived by themselves, are pure abstractions; but these relations are, in reality, mediated

55 Cartelier 1991, p. 263.

> by the deepest antithesis, and represent only one side, in which the full expression of the anti-thesis [between labour and capital] is obscured.[56]

In order to constitute the semblance of equal exchange between capital and labour, money is therefore not an accidental, but a very necessary form of appearance of value and surplus value.

To summarise: in their attempt to reject both the ahistoricity of the (neo-) classical school and the non-monetary approach of Sraffian neo-Ricadianism, Benetti/Cartelier succumb to a functionalist reading of money as both analytically-conceptually and temporally prior to value and its forms, undermining Marx's theory of money as the *paradigmatic form of value* which can only be grasped from the social form of value producing, i.e., abstract labour in the production process. The (false) reduction of Marx's explicit problematisation of 'form' to the eminence of money – mistaking the *object of critique* (the forms that value takes, i.e. money) for *affirmative* categories – misrecognises that the forms that value takes are precisely the fetishised forms of value Marx sought a) to designate as the *specific economic object* (against the 'economic unawareness' of political economy) and b) to reveal 'what has been transformed into' them, their content in the specific form of capitalist labour. Benetti/Cartelier's impetus to *fortify* the theoretical status of money in economic theory (*l'unité de compte commune*, economic object) therefore ironically digresses into money's theoretical *subalternatisation*, because in their theory, Marx's main interest in the analysis of the value form – *not* that money is a commodity, but 'how, why, and by what means a commodity becomes money'[57] and therefore, how money is precisely *excluded as a specific form of value* from the 'world of commodities' – remains obscure. It is equally obscure how Benetti/Cartelier's 'solution' of 'postulating money and discarding value theory' can overcome the Sraffian paradigm. Ironically, Benetti/Cartelier's and the Sraffians's approach are but the reverse side of the same pre-critical coin: while the Sraffians precisely lack an understanding of value as necessarily tied to money, the 'monetary approach' lacks insight into the necessity of money to reflect a social relation of production. More devastatingly however, Benetti/Cartelier's 'symbol theory' of money confirms the judgement that their theory does not move beyond the claims they intend to reject in neoclassical economics. As with Uno, therefore,

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56 Marx 1973, p. 248. The context in which the quote appears is the critique of Proudhon, who is attacked as a deeply 'bourgeois' thinker in believing that exchange represents a 'system of universal freedom', which has only been 'perverted by money, capital, etc'. Marx 1973, p. 248.

57 Marx 1976, p. 186.

Benetti/Cartelier's nominalist reading of money and their strange disavowal of its social dimension can be traced back to the ignorance of the *problem of fetishism*. For Marx, the *particularities of the equivalent* value form, i.e. paradigmatically that of money – and *not just* the analysis of the value form in the confrontation of two commodities per se – are at the heart of the 'secret' to the fetishisms of the bourgeois mode of production. Yet, this omission of the crucial outcome of Marx's analytical approach to value form analysis seems to run like a golden thread through the proponents of the interpretation of value from Uno to the post-Uno School and its appropriation of other, more recent money theoretical approaches, as in Benetti/Cartelier. Recent critics of the Uno School in Japan have therefore pointed to the omission of the fetishism paradigm as the *differentia specifica* between Uno-oriented theory and that of other schools and theorists of Marxian value theory, e.g. Kuruma Samezō. A case in point is Sasaki Ryūji, who in his 2011 book *Marx's Theory of Reification. The Thinking of the Material as the Critique of Capitalism*, contends:

> With regard to Uno Kōzō, because he does not intend an interpretation of Marx, but a 'correction' of *Capital* towards a static theory of principles, it is self-understood that it is different from Marx in this sense. Without a doubt, he misconceives the core of the theory of reification (*busshō*, also: fetishism). As is well known, Uno argues that in the chapter on the commodity the labour theory of value cannot be proven, and one must wait until the emergence of capital to prove it for the first time. Hence, in the commodity chapter, not the relation between value, substance and value form, but only the *form* should be discussed. This is why the problem of reification where the social relations of persons appear as social relations of things (*busshō*) is cut off from the problem around production relations, which are the *social expression of private labours*. [Uno] merely shows the value form as an abstract unfolding of the contradiction between value and use value in the commodity … Accordingly, with Uno's framework, one cannot explain the reification of production relations founded on *private labour*.[58]

58 Sasaki 2011, pp. 125–6. The Kuruma 'school' emphasises the third particularity – private labours appearing as directly socially mediated labour – as the defining specificity of the capitalist mode of production, as against theories that emphasise the historical specificity of *abstract labour*. See also Sasaki 2012, pp. 48–50. In this reading, however, it is also important not to forget the other two particularities. All of them however have their origin in the specific kind of labour that is productive of value as a social totality. Abstract labour is the shorthand for it. Also see Sasaki and Saitō 2013.

Can the integration of interpretations of the Neue Marx-Lektüre, especially Hans-Georg Backhaus and Michael Heinrich, in the Japanese post-Uno school provide us with a better grasp of the relation between value and money? For this, we shall turn briefly to Mukai Kimitoshi and his intellectual context.

5.1.3 *Money as the Logical Limit to Value – The Neue Marx-Lektüre in the Post-Uno School*

The characterisation of the works of Mukai Kimitoshi as the 'post-Uno School' is strictly speaking incorrect, since Mukai was a student of the well-known Marxist economist Satō Kinzaburō (1927–89) who was one of Uno's foremost critics. And yet, with regard to his embeddedness in the debates on value continuing after Uno's death in 1977 and his enthusiastic accordance with Uno's interpretation of the money form as prior to the commodity,[59] the subsumption of Mukai to the post-Uno school can be justified. In Mukai's case, however, although he strongly references Benetti/Cartelier, the emphasis on the works of the Neue Marx-Lektüre, and especially Hans-Georg Backhaus and Michael Heinrich, is more evident. The signature intervention of the Neue Marx-Lektüre (NML) in the value theoretical debates of the late 1960s–70s in Germany until today is twofold: the rejection of the *premonetary* theory of value (prämonetäre Werttheorie) and the *logico-historical* method. The latter is first prosposed by Engels's interpretation[60] and perpetuated in the works of e.g. Wolfgang Fritz Haug in the German context.[61] This twofold landmark intervention has especially been advocated by Backhaus and Heinrich in their writings. Backhaus first propagated this view in his seminal 'Materialien zur Rekonstruktion der Marxschen Werttheorie' (*Materials for the Reconstruction of Marx's Theory of Value*, 1974–8), while Heinrich strongly argued for it in his *Die Wis-*

59 See Mukai 1995, p. 98.

60 Engels's review of the *Contribution to the Critique of Political Economy* (1859), his postface to the third edition of *Capital* Volume 1, and his preface to the third volume of *Capital* are pertinent in this regard. In his review of the *Contribution*, Engels claims that 'the logical method of approach', understood as 'simplified' method (see Elbe 2008, p. 19), was 'indeed nothing but the historical method, only stripped of the historical form and of interfering contingencies. The point where this history begins must also be the starting point of the train of thought, and its further progress will be simply the reflection, in abstract and theoretically consistent form, of the course of history, a corrected reflection, but corrected in accordance with laws provided by the actual course of history, since each moment can be examined at the stage of development where it reaches its full maturity, its classical form'. Engels 1980, p. 475.

61 See the 'Methodenstreit' between Haug, Heinrich, and Backhaus taking place in the German Marxist journal (edited by Wolfgang Fritz Haug) *Das Argument* in 2003. The best overview and commentary on the *Methodenstreit* is to be found in Wolf 2008b.

senschaft vom Wert (*The Science of Value*, 1991).[62] With different emphasis on its derivation, what can be said for both Backhaus and Heinrich is that Marx's theory of value in *Capital* must be interpreted as a *monetary* theory of value, its method being strictly *logical*. But, as both Backhaus and Heinrich stress, Marx himself wasn't sufficiently conscious of his own 'paradigm change' against the classics, which is why value form analysis in Section 3 of Chapter 1 of *Capital* Volume I can still be read as an 'embodied' labour theory of value. Especially Heinrich claims that the substance of value, abstract labour, only has existence in exchange, in the 'social relation between commodity to commodity'.[63] Because Marx was allegedly caught up between the framework of the classics (the 'embodied labour theory of value') on the one hand and breaking up their discourse, Heinrich hypostatises two distinct theories of value in Marx, a 'pre-monetary' and a 'monetary' one.[64] Because, for Heinrich, the 'embodied' labour theory of value – the 'old discourse' – must be rejected in favour of Marx's breakthrough to a 'monetary theory of value', it is in exchange that 'value' is constituted, and this therefore by necessity hinges on the existence of money. We will come back to a critical evaluation of these contentions in the last section. In the following, we will present Mukai's argument of why the money form must precede the commodity, and why the labour theory of value is to be discarded from the outset. As we will see, his argument is more consistent than that of Ebitsuka, and drawing on Marx's original work, at first also more convincing. Like Ebitsuka, however, Mukai ironically leaves the problematic of money, and especially its *capitalist* dimension, *unproblematised*. Just because exchange necessitates the existence of a thing called 'money', we still have not understood what money *actually is*, by *which of its characteristics* it is actually able to hold the place of universal equivalent. To examine Mukai's argument, we shall first look at its contextualisation within the different value theoretical streams in 1960s–70s Japan – which is oriented towards Backhaus's characterisation of the same streams in Germany – and then turn to Mukai's own 'monetary approach' and the rejection of the historicist turn ('historizistiche Wendung') which can allegedly be detected in the different presentations of the value form from the first to the subsequent editions of *Capital*. Both of these positions are strongly informed by Backhaus's argument in Part III of the 'Materialien', in Chapter 6 of Heinrich's *Science of Value* (*'Die monetäre Werttheorie'*), and also reflected in the Benetti/Cartelier paradigm, which Mukai appropriates to

62 For an extensive discussion of both positions, see Dieter Wolf's work. Especially Wolf 2008b.

63 Marx 1976, pp. 138–9.

64 Heinrich 1988, p. 30 and Heinrich 1991 [1999], p. 13. Quoted in Mukai 2014, p. 5.

harden the evidence for his case. We shall see that Mukai, despite his claim to have convincingly argued the superfluousness of the labour theory of value from Marx's own 'defects' in the analysis of the value form, like the authors he adopts as buttresses for his view, fails to take notice of the centrality of the fetish paradigm in Marx's theory of money, which leads to a truncated, misconceived and therefore *non-critical* view of the money form. Our contention is that the opposition of a 'monetary' theory of value to the labour theory of value is a *false one*, leading to precarious shortenings in the theoretical scope of the labour theory that is *simultaneously* the monetary theory of value.

5.1.4 *Against the Labour Theory of Value*

Mukai's unpublished article[65] 'The New Readings of Capital in Japan since the 1960s' (2014) is the latest in a series of articles since 1990 in which Mukai argues for the 'dispensability' of the labour theory of value for the analysis of capitalist relations.[66] Here, Mukai Kimitoshi develops a short intellectual biography of 'heterodox' (i.e. non-party line) Japanese value theoretical approaches, especially his own, contextualising it within his teacher Satō Kinzaburō's work on the *Grundrisse* and *Capital* in the late 1960s. Mukais' claim that no reference to the concept of labour is needed for the development of the value form – an assignment he says, that is left to him after the death of his mentor Satō – is conducted in the fashion of a critical commentary on Marx's value form analysis, focussing on its 'defects'.[67] Before we follow Mukai's argument critically, the general overview of the 'three streams of Japanese Marxian economics in the 1960–70s' is useful to situate Mukai's work. Mukai follows Hans-Georg Backhaus's characterisation of different readings of *Capital* in Germany from the end of the Second World War to, roughly, the late 1960s.[68] We find here the streams of 1. the logico-historical approach of the 'old orthodoxy (traditional

65 We have explicit personal permission from Mukai Kimitoshi to discuss his work in a publication.

66 See Mukai 1990, Mukai 1992, and the two-series article on the 'Phenomenology of Money' (Mukai 1995 and Mukai 1996). See also Mukai 2010.

67 Mukai 2014, p. 3.

68 According to Backhaus, within the 'secondary literature' on *Capital*, three different 'relatively homogenous' streams can be detected: 1. the 'logico-historical' stream, as represented by the 'old orthodoxy' (Engels, Marxism-Leninism) (see Footnote 58), 2. the 'logical' interpretation, as represented by the 'new orthodoxy' arisen around the Frankfurt School of Critical Theory. In it, the rejection of 'reflection theory' (*Widerspiegelungstheorie*), Engels's dialectic of nature, and the basis-superstructure paradigm are commonplace. 3. the 'model-platonic' interpretation, held by modern (Marxian) economists solely interested in quantitative problems and terms (the transformation problem, etc.). Backhaus 2011, p. 136.

Marxists)' and the 'Civil society' school (K. Hirata), 2. the 'logical approach' of Uno Kōzō and the 'new orthodoxy' of Satō Kinzaburō, and 3. the model-platonic approach of 'Algebraic Marxism' (N. Okishio).[69] Mukai, like Backhaus, sees himself in the tradition of the 'logical' approach. Though the latter expresses doubts as to the 'strictly' logical approach, and especially the 'new dogmatism' in the theoretical circumference of the Frankfurt School,[70] Mukai is more inclined to count himself among the representatives of the 'new orthodoxy', though not without a peculiar radicalisation of Satō's and even Uno's argument that the labour theory of value were 'premature' in the development of the value form: for Mukai, it is not only 'prematurely' introduced in *Capital*, but entirely superfluous, as a theory of capitalist relations can be sufficiently expressed in money. As for the question of a historical or 'logical' methodological approach to the value forms of the commodity and money in the first chapter of *Capital* Volume I, Mukai adopted the 'logical'-systematic interpretation from his mentor Satō. While this non-evolutionary-historical theorisation is clear in the *Grundrisse* and the first edition of *Capital*, Mukai, following Backhaus, asks whether the 'strictly logical' approach had really been thoroughly pursued in the subsequent editions of *Capital*, or whether we must not concede a 'historicist turn' (Backhaus)[71] in the editions following the first of 1867 and the conventional fourth edition. In other words: 'What happened between the *Grundrisse* and *Capital*?'[72] According to Mukai, and leaning on the NML's central thesis, the historicist turn was owed to certain defects in the 'attempts of popularisation' of the presentation of the analysis of the value form and the 'genesis of money', conducted in the subsequent editions of *Capital*. The two interpretations of value form analysis in Chapter 1, Section 3 of Capital, interpreted by both Mukai and the Neue Marx-Lektüre as precarious – on the one hand, a historicist reading of the analysis of value, and a 'premonetary' theory of value on the other hand – are however thoroughly 'woven' into the material of *Capital*, so that it must be conceded that Marx himself wasn't entirely aware of the 'qualitative difference' of his own value theory against that of his classical predecessors. Mukai here strongly relies on Heinrich's evaluation:

69 Though not a Marxist, Morishima Michio may be counted among the latter type as well.

70 Backhaus 2010 (1978), p. 138.

71 Backhaus 2011, p. 154: 'The historicist turn in [Marx's] later works would remain thoroughly mysterious (*rätselhaft*) if it couldn't also be shown that Marx attempted to relate the "logically" developed categorial analysis to a "logical-historical" development of the same'.

72 Mukai 2014, p. 3.

> As Heinrich says, we can find a paradigm change, but Marx was not conscious of it, and continued to believe that he remained in the paradigm of the labour theory of value. 'On the other hand, the discourse of the classics can still be found in central passages of his work … [his] own categorial development remains ambivalent in some of the crucial passages'. (Heinrich 1991, p. 13).[73]

For Mukai, Marx did not always succeed in opening a new terrain against the classical 'embodied labour', i.e. quantitative, theories of value that can be found in Ricardo etc.[74] To prove his point, Mukai quotes the passage on the 'physiological' aspects of abstract labour from the fourth edition, namely, that

> all labour is an expenditure of human labour-power, in the physiological sense, and it is in this quality of being equal, or abstract, human labour that it forms the value of commodities.[75]

Mukai concludes, with Heinrich and Backhaus:

> Here we can see no difference between Marx and Ricardo, because 'values are then reduced to mere labour quantities independent of money, as in Ricardo'. (Heinrich 1988, p. 32) So it can be called a 'premonetary theory of value' (Backhaus 1978, p. 17) which belongs to the same paradigm as classical economists and neo-Ricardians of today.[76]

While for Mukai the 'new paradigm' was invented by Marx as a '*qualitative* one' – '… the qualitative side of value relation expresses a new theoretical domain opened up by Marx's analysis of the value-form'[77] – Marx at times slips back into a 'substantialist' *quantitative* view stuck in the Ricardian framework, and locates the constitution of value in production, not exchange, according to Mukai. In other words, Marx did not always clearly distinguish his own 'premonetary' from his 'monetary' theory of value. Yet, according to Mukai, at times, the 'monetary approach', and especially its *rejection* of the 'premonetary' one, is clearly detectable – while the reader is left in the dark as to which cri-

73 Mukai 2014, p. 5. The Heinrich quote is provided in German, translation my own. Heinrich 1999, p. 13.

74 See Mukai 2014, pp. 3–4.

75 Marx 1976, p. 137.

76 Mukai 2014, p. 4. The quotes by Heinrich and Backhaus are given in German.

77 Mukai 2014, p. 4.

teria this evaluation adheres to, as Mukai does not argue *why* certain texts, e.g. the 1861–3 *Economic Manuscripts*, should have a more consistent 'monetary' approach. For reasons of space, let us limit the presentation to what, for Mukai, is the most conclusive passages that show Marx's standpoint of the overcoming of the 'old discourse'. Mukai quotes from the 1861–3 *Economic Manuscripts* on Ricardo: '… this qualitative aspect of the matter which is contained in the representation of exchange value as money, is not elaborated by Ricardo. This circumstance – the necessity of *presenting* labour contained in commodities as *uniform social labour*, i.e. as money – is overlooked by Ricardo'.[78] To prove his point, Mukai further quotes this decisive passage:

> However, let us remember that commodities possess an objective character as values (*Wertgegenständlichkeit*) only insofar 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 can only appear in the social relation between commodity and commodity.[79]

What Marx presents to the reader in these passages is the inherent *link* between the 'human labour' objectified in the commodities, and money, in which the latter must *represent* all of these different labours as one 'uniform social' substance, as *abstract* labour. This is especially clear from the first quote Mukai provides. Contrary to Mukai's belief, however, Marx's critique of Ricardo is not motivated by the confrontation of a 'premonetary theory of value' with a 'monetary' one, but by the desire to remind Ricardo of the *quality* of value, in that it must be represented in uniform (or abstract) social labour – expressed as *money*. Let us enhance the quote Mukai provides with some context to see what Marx really had in mind with his critique of Ricardo:

> Ricardo's mistake is that he is concerned only with the magnitude of value. Consequently his attention is concentrated on the relative quantities of labour which the different commodities represent, or which the commodities as values embody. But the labour embodied in them must be represented as social labour, as alienated individual labour … This transformation of the labour of private individuals contained in the commodities into uniform social labour, consequently into labour which can be

78 Marx 1989, p. 318; orig. MEGA²II/3.4., 1318 (Marx 1979). Original emphasis. Quoted in Mukai 2014, p. 4, without the emphasis.

79 Marx 1976, pp. 138–9; orig. MEW 23, p. 62 (Marx 2008), quoted in Mukai 2014, p. 4.

> expressed in all use values and can be exchanged for them, this qualitative aspect of the matter which is contained in the representation of exchange value as money, is not elaborated by Ricardo. This circumstance – the necessity of *presenting* labour contained in commodities as *uniform social labour*, i.e. as money – is overlooked by Ricardo.[80]

Marx *explicitly* refers to money *as* '*uniform social labour*' ('uniform social labour, i.e. money'), as the presentation of the labour contained in the commodities, which is *necessary* in order to obtain a uniform objective existence. However, Ricardo's mind is fully absorbed by, first, the analysis of the *magnitude* of value, and second, the search for an 'invariable measure' of value. But Marx had shown that the sole emphasis on the magnitudes of relative labour quantities in the first misses the specific condition of possibility by which magnitudes of value can even be compared to one another – *uniform social labour*, expressed in *money*.[81] The labour theory of value, for Marx, is *nothing but* the theory of money, and the analysis of money *essentially comes down to* the labour theory of value. The latter grounds both the *quantitative and the qualitative* aspect of value, as the indicator of capitalist exchange relations, *and* the basis on which different labours can be meaningfully exchanged with one another. This is also the context in which Marx emphasises the necessity of money – as demonstrated in the third particularity of the equivalent form – to invertedly represent the product of individual private labour (and *not* self-determined labour, as Carterlier wrongfully suggests) as *directly social* labour. In his critique of Bailey's nominalist theory of money – money as the 'direct expression' of the ratio in which different *use* values exchange for one another – Marx notes:

> … the labour which constitutes the substance of value is not only uniform, simple, average labour; it is the labour of a private individual represented in a definite product. However, the product as value must be the embodiment of *social* labour and, as such, be directly convertible from one use

80 Marx 1989, p. 318. Original emphasis.

81 The second misses that there is no need for an 'invariable measure' of value: the abstract labour that is the substance of value is *variable*, because *the working day is variable*. His unsuccessful search for an 'invariable measure' of value is precisely the context which prevented Ricardo from detecting the unequal exchange between capital and labour in the variable proportions of necessary and surplus labour in an equally variable working day. In other words: abstract or uniform social labour as the substance of value is an *absolute, not a relative determination*, but it is equally *variable*, *not in*variable. While Ricardo's critic Bailey correctly refutes the necessity of an 'invariable' measure of value, he is of course completely unaware of the *reason for the necessity* of a variable measure.

> value into any other … Thus the *labour of individuals* has to be directly represented as its opposite, *social* labour; this transformed labour is, as its immediate opposite, *abstract, general labour*, which is therefore represented in a general equivalent. … This necessity to express individual labour as general labour is equivalent to the necessity of expressing a commodity as money.[82]

Mukai however counterfactually insists on the irrelevance of the recourse to abstract human labour for the phenomenology of money – even after quoting these indeed relevant passages! To sustain his argument, he contrasts the concept of 'abstract human labour' in the 'physiological' determination of value with the concept of 'abstract, general labour' in the above quote to claim that the former was a category of *production*, i.e. still attached to the old 'embodied labour'-discourse of the classics, while the latter was a category of the 'new domain', a category of *exchange*:

> 'Abstract general labour' here mentioned as an opposite of private labour is quite different from the above-mentioned 'abstract human labour'. It was newly created by Marx in order to clarify the secret of money, which makes the different products of private labors in the market commensurable and reduce them to the same unit. 'The equality of labor' means this commensurability, *which does not exist before exchange, but emerges only in exchange*, correctly speaking, in the relation of the commodity to money. As such an 'abstract labor' is 'purely social', it cannot be acquired by imagining real human labor in production, e.g. the factory, and therefore its quantity *cannot be measured by the duration of labor, but only by money*.[83]

However *at no point* does Marx say that *value* is constituted in exchange. To the contrary: it is precisely the position Marx polemicised against. To maintain the opposite means to wittingly ignore Marx's critique of the classics. It is therefore difficult not to view Mukai's reading as a conscious misjudgement (or ignorance) of Marx extensive discussion of 1.) Ricardo's negligence of the *substantial dimension of value* in the social form of abstract-general human labour represented by money, as shown above ('abstract-general' and 'abstract human labour' are not two different concepts in Marx) and 2.) Bailey's ignorance of the

82 Marx 1989 pp. 322–3; Marx 1979, p. 1322. Quoted in Mukai 2014, p. 4.
83 Mukai 2014, p. 4.

simple fact that, if money 'measures' different heterogenous use values, a *common denominator* of these different use values becomes a *logical prerequisite* for the comparison (tertium-problem), and this common denominator *cannot be money itself*.

> ... for commodities to express their exchange value independently in money, in a third commodity, the exclusive commodity, the values of commodities *must already be presupposed*.[84] Now the point is merely to compare them quantitatively. A *homogeneity* which makes them the same – makes them values – which as values makes them qualitatively equal, is already presupposed in order that their value and their differences in value can be represented in this way. For example, if all commodities express their value in gold, then this expression in gold, their gold price, their equation with gold, is an equation on the basis of which it is possible to elucidate and compute their value relation to one another, for they are now expressed as *different quantities of gold* and in this way the commodities are represented in their prices, as comparable magnitudes of the same common denominator.
>
> But in order to be represented in this way, the commodities *must already be identical as values*.[85]
>
> According to Bailey, it is not the determination of the product as value which leads to the establishment of money and which expresses itself in *money*, but it is the existence of money which leads to the fiction of the concept of value.[86]

To claim that the common denominator is money itself, as Bailey, Uno, Ebitsuka, Benetti/Cartelier, and Mukai do, is to identify substance and form, essence and appearance – in sum, it means to identify what *generates* a phenomenon, no matter how its appearance inverts the underlying constitution, with the *phenomenon itself*. This becomes prevalent in the discussion of Bailey's identification of value with its external measure, money. Marx here neatly summarises what it means to determine the value of a commodity by, first, the quantity of labour inherent in it, and second, by the 'value of labour' that produces it (a conflation originally produced by Smith, but prevalent also in Bailey):

84 Emphasis added.

85 Emphasis added. Marx 1989, p. 321.

86 Marx 1989, p. 332. Original emphasis.

> In the first case one investigates the genesis and immanent nature of value itself. In the second, the development of the commodity into money or the form which exchange value acquires in the process of the exchange of commodities. In the first, we are concerned with value, independent of this representation, or rather antecedent to this representation. Bailey has this in common with the other fools: to determine the value of commodities means to find their monetary expression, AN EXTERNAL MEASURE OF THEIR VALUES.[87]

It is precisely this conflation for which Marx called Bailey not only a 'fool', but also a '*Fetischdiener*' ('fetish-worshipper').[88] It must however be asked whether this characterisation does not also apply to Marx's modern Marxist critics. As though to further substantiate this, Mukai concludes:

> It is true that the qualitative and the quantitative sides of Marx's value theory are incompatible with each other under developed capitalism. But we need not make them compatible in a particular model, as Rubin did. In order to understand the qualitative side completely, we should only abandon the quantitative one, the labor theory of value.[89]

Accordingly, Mukai, like his peers, ignores the task of value form analysis, in that it is the analysis of the necessity of the emergence of the money form as universal equivalent from the *defects of the expanded value form*, measured in different use values. Mukai does not understand this:

> Where does value as 'something purely social' (*etwas rein Gesellschaftliches*) appear? Marx would say, 'it can appear only in the relation of commodity to commodity'.[90] So he begins his analysis of the value-form with the 'simple form of value': x commodity A = y commodity B. But why not x commodity A = y money? In reality, we can find a direct relation of commodity to commodity without money nowhere in today's developed

87 Marx 1989, p. 341. Original emphasis. Note how Marx stresses that value were 'antecedent' to its representation in money.

88 Marx 1989, p. 317.

89 Mukai 2014, p. 4.

90 The question is indeed whether Marx *would* say this. In fact however, he *has nowhere said it*. Mukai succumbs to the identification of value and value objectivity (*Wertgegenständlichkeit*).

> commodity circulation … In this sense, Marx's analysis of the value-form beginning with x commodity A = y commodity B should be called a 'pre-monetary' one.[91]

Like Uno, Mukai mistakes the analysis of the value form for an analysis of commodity exchange (or 'circulation').[92] However, exchange is *not* the object of the analysis (in fact it only becomes thematic in Chapter 2, 'The Exchange Process'). The object of the analysis is the *precondition* of exchange, i.e. the *money form*: how a commodity obtains general exchangeability against all the other commodities of the 'whole world' of commodities. The question is not whether 20 yards of linen *actually do exchange* for 1 coat, but *what conditions a commodity must fulfil in order to serve as the universal equivalent*. In other words, it is the analysis of the *preconditions* of exchange. However, Mukai's rejection of the alleged 'premonetary' character of value form analysis has a deeper, two-fold motivation: if Marx's 'derivation' of money from the commodity in the analysis of the value form were illegitimate, following the Benetti/Cartelier paradigm, then money cannot be a commodity:

> Marx took over not only the labor theory of value, but also a theory of money from classical economists – the commodity theory of money. In his analysis of the value-form, therefore, it is presupposed without a doubt that money is a commodity which has its own value and use-value, and that a commodity becomes money as the result of exchanges. But as Backhaus says, 'The concept of a premonetary commodity (sic) should be recognised as something impossible to think'.[93]

In his critique of readings that hypostatise a money commodity in Marx, Heinrich has shown that Marx at no point assumes that money must necessarily be a commodity.[94] Mukai's reading falls short by believing that the *derivation* of

91 Mukai 2014, p. 6.

92 For the problem of Uno's reading of value form analysis as a theory of exchange, see Lange 2014.

93 Mukai 2014, p. 6. See Backhaus 2010, p. 150.

94 See e.g. Heinrich 1999, p. 233: 'What [Marx] demonstrates is not the necessity of another *commodity* to serve as the value expression, but that this value expression is incomplete and defected, if it clings to a single, accidental commodity. By the *value expression of one commodity in another commodity*, Marx demonstrates which requirements a value form must fulfil in order to adequately express value. *That the bearer of this value form itself be a commodity, is not shown, but presumed from the beginning*. Therefore, value form analysis

money from the commodity form is the same as assuming that money must necessarily 'be' a commodity. These however are two separate things, and their conflation provides a truncated, if not outright wrong, reading of Marx's analysis.

5.1.5 *With Backhaus and Heinrich against Marx? The 'Historicist Turn' and the Labour Theory of Value as Remnants of the 'Old Discourse'*

The argument of Marx's alleged inability to break with the 'old discourse' is further supported by Mukai's claim that Marx 'introduced' historical elements in the derivation of the value form, in that the emergence of money was 'deduced' from barter. Backhaus's problematisation of the 'popularisation of the presentation of the value form' gives Mukai a buttress for his view. To prove that the historicist turn was already introduced in the first edition of *Capital*, Mukai quotes from the appendix:

> Let us consider exchange between linen-producer A and coat-producer B. Before they come to terms, *A* says: *20 yards of linen are worth 2 coats* (*20 yards of linen = 2 coats*), but *B* responds: *1 coat is worth 22 yards of linen* (*1 coat = 22 yards of linen*). Finally, after they have haggled for a long time they agree: *A* says: *20 yards of linen are worth 1 coat*, and *B* says: *1 coat is worth 20 yards of linen*.[95]

Mukai follows:

> This is the first step to the 'historization of the logical' (*Historisierung des Logischen*, Backhaus)[96] in the second edition. With the popularization of the description as a turning point, his analysis of the value-form has been reduced to a 'story telling' about 'historical occurrences' (*'Fabeleien über Historisches'*, Backhaus)[97] – the genesis of money from barter. Although he had quite a new answer from his analysis of the value-form, [Marx] reverted to the old answer – the labor theory of value and the commodity theory of money.[98]

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provides the *form determinations* of the universal equivalent, but it does not provide an argument whether the universal equivalent must be a commodity or not'.

95 See https://www.marxists.org/archive/marx/works/1867-c1/appendix.htm; Marx 1983, p. 628.

96 See Backhaus 2011, p. 155.

97 See Backhaus 2011, p. 155.

98 Mukai 2014, p. 9. All quotes from Backhaus are in German.

However, the question remains what the diagnosis of the 'historisation of the logical' in the 'popularised' version of value form analysis is actually supposed to prove. Commentators like Mukai and Backhaus – though his intervention is more complex and metatheoretical, as we will see – seem not to be aware that by admitting that Marx's 'historically grounded' reformulation of value-form analysis is owed *not to a content-related* reconsideration, but a reconsideration of *form* (in order to make his analysis, e.g., more 'reader-friendly', i.e. to 'popularise' it), they have *implicitly admitted* that Marx's original methodological vantage point was indeed a systematic and logical one. It addresses the analysis of the nexus between value and money in *specifically capitalist* societies.[99] The logical-historical interpretation, as Backhaus correctly sees, is therefore actually owed to a misunderstanding, even if it presents a misunderstanding whose scope Marx himself obviously was not aware of.

More pertinent however is Mukai's appropriation of Backhaus's intervention for his own ends, the delegitimisation of the labour theory of value. While Backhaus is often inconsistent (or rather indecisive, as we will see) towards Marx's own 'monetary theory of value', he stresses that the specific cognitive gain of Marx's intervention – and the new problem-horizon it provides, as opposed to that of the classics – consists in having precisely demonstrated the *necessity of the money-value nexus*. The labour theory of value therefore does not present an opposition, but the necessary *explanatory framework* for the theory of money. The appropriation of Backhaus's intervention for Mukai's ends – notwithstanding Backhaus's own ambiguities – is therefore utterly problematic. In the following, we will briefly characterise Backhaus's intervention and stress what, for Backhaus, the specific cognitive interest in Marx's theory is.

Already in his relatively early text 'On the Dialectics of the Value Form' (*'Zur Dialektik der Wertform'*, 1970), Backhaus, according to his overall methodolo-

99 Backhaus's doubts towards a 'purely logical' reading are 1. the failure of the reception to produce an 'intersubjectively binding detailed definiton of the basic concepts', which all interpreters could agree on, and 2. the failure of the 'logical reading' to explain such a gross misconception as that of Engels's theory of 'simple commodity production'. See Backhaus 2011, pp. 157–8. The question is whether these different interpretations can be ascribed to the 'logical' reading, or not rather the opposite, its *mis*reading. Backhaus's claim to a good theory is that it must deliver an 'intersubjectively binding' interpretation (Backhaus 2011, p. 191), an interpretation on which 'consensus is to be obtained' (ibid.), containing a 'non-falsifiable' theoretical core (Backhaus 2011, p. 192). The question is whether, in the intellectual history of men and women, such a theory has ever existed – or indeed, whether it will. That Marx's, and Marx's theory alone, should comply with such a claim, is probably slightly unfair.

gical standard of presenting a *meta-theoretical evaluation* of the reception of Marx's theory of value, holds that

> [n]umerous authors ignore the claim of the labour theory of value to derive money as money and thus to inaugurate a specific theory of money. It is then no longer astonishing that these interpreters only present the theory of value, but exclude or correct the theory of money and therefore become unable to make the difference between the classical and the marxist (sic) labour theory of value plausible. They misconceive that the basic concepts of value theory are only understood when they on their part make the understanding of the money-theoretical basic concepts possible. Value theory is adequately interpreted when the commodity is grasped in such a way that it posits itself in the process of an 'immanent moving-beyond-itself' (*im Prozess eines 'immanenten Über-sich-Hinausgehens'*) as money. This *inner nexus between value and money* forbids acceptance of the Marxian theory of value that simultaneously disavows the theory of money posited with it.[100]

The 'inner nexus between value and money' is where, for Backhaus, Marx's advancement, indeed his *break* with the classical 'labour theory of value', must be situated – and not, as some representatives of the post-Uno school (or Benetti/Cartelier, for that matter) would have it, in the *disavowal* of the theory of value *in favour of* a 'monetary approach'. The opposition of the two is a false one. The money-value nexus can only be disrupted at the risk of jeopardising Marx's specific intervention, and the misrecognition of the new problem-horizon that his predecessors were not even aware existed: namely, the specific *social form of labour whose characteristic is to take on specific forms of value*, predominantly money. This question, tantamount to the question of how fetishism is possible under the specifically capitalist mode of production, is what guides Marx's exegesis – and his critique.[101] In Backhaus's 1978 text, Part III of the 'Materials' ('*Materialien zur Rekonstruktion der Marxschen Wert-theorie*'), the crucial theoretical distinction between Marx and the 'classical', i.e. premonetary labour theory of value, but also to neoclassical, 'subjectivist' theories of value, is further delineated. Interestingly, Backhaus sees striking parallels between the objectivist labour theory of value, and both its 'logico-

100 Backhaus 2011, p. 45. Emphasis added.

101 It is all the more regrettable that an author like Backhaus, who identifies his work as being ultimately guided by 'the problem of fetishism' (Backhaus 2011, p. 34), never *applies* this claim to the actual theory he puts forward.

historical' and its 'model-platonic' variants, on the one hand, and subjectivist theories of utility (*subjektive Nutzenlehre*) on the other. He presents them as two sides of the same coin: 'They tacitly and unreflectedly posit the logical permissibility of a procedure which abstracts from the "money veil" in order to be able to interpret the result of this abstraction as a model of a fictitious, or as the structure of a historical, natural economy (*Naturalwirtschaft*), and ultimately as the "*essence*" of modern monetary economy hidden beneath the "money veil"'.[102] In other words, both the objectivist and the subjectivist premonetary theories of value disregard (and therefore misconceive of) the *constitutive* function of money for the functioning of capitalist social relations: they are therefore paradigmatically *theories of value without fetish*. Instead, according to Backhaus,

> Marx was … concerned primarily with the evolution of the thesis that the nexus between value and money must be comprehended as the nexus between the 'immanent' and 'appearing' (*erscheinend*) measure of value, [as the nexus] between the substance and form 'of' value. Value therefore cannot be thought as a premonetary substance existing for itself, which is externally related to a third thing called money. Value does not exist beyond and independently of its 'adequate' form of appearance … the organic nexus of value and price has its theoretical expression in the fact that value theory must be 'sublated' in a specific theory of money.[103]

Interestingly, Backhaus (unwittingly) rejects the claim made by Benetti/Cartelier and also Mukai that Marx was unable to show the necessity of money from the 'development' of the commodity form. According to Backhaus, in the analysis of the value form, Marx precisely sets it as his *task* to *demonstrate* that 'the construction of an exchange process of premonetary commodities must *fail* by necessity'.[104] These are the 'Defects of the total or expanded form of value' (Form II), in which the 'series of representations never comes to an end', and which is therefore 'a motley mosaic of disparate and unconnected expressions of value'.[105] Benetti/Cartelier, apart from misrecognising value form analysis as the *explanandum* of money, and not as an analysis of 'barter', also underestimate its critical function: namely, to show that the failure of the

102 Backhaus 2011, p. 147.
103 Backhaus 2011, p. 150.
104 Backhaus 2011, p. 150.
105 Marx 1976, p. 156.

hypothesis that commodities can relate to one another *without* an equivalent, is *fully intended*. Also fully intended, therefore, is the presentation of money's genesis in which the 'dazzling' money form 'leav[es] no trace [of the process by which money emerges] behind'.[106] Taking no notice of Marx's explicit references to the 'defect' of Form II, Benetti/Cartelier, Ebitsuka and Mukai take the 'derivation' of money from the commodity for a positivistic model in which the latter is a direct 'result' of the former. The 'monetarists' declare Marx's theory of value bankrupt, fully unaware of Marx's intent and method of showing the necessity of money from the *incompleteness* of Forms I and II.[107]

In sum, for Backhaus, Marx's theory of value is constituted of four different tasks:

1. the rationale (*Begründung*) and unfolding of value as the basis of the determination of exchange relations (quantitative theory of value),
2. a critique of premonetary theories of value,
3. the rationale of a specific theory of money,
4. a critique of money theories corresponding to premonetary theories of value, which proceed from the aporia of the separation between the organically interrelated categories of value and money.[108]

Especially the last of these must be regarded as Marx's specific cognitive interest, in refuting any 'nominalist', as well as 'realist' theory of money, taking their vantage point from either symbol theories or functionalism ('money as facilitator of exchange'). However, as announced before, Backhaus is indeed ambivalent in his own theorisation, so that it must be asked if his endeavour to establish a 'binding consensus' in the history of the reception of Marx's theory of value is not rendered rather more difficult by his own indecision. Here is also the place to recapitulate the appropriation of Backhaus's and Heinrich's interpretation for the purposes of rejecting labour theories of value. First, though, we will stay with Backhaus, before moving on to a striking problematic in Heinrich.

106 Marx 1976, p. 187.

107 That this deeply Hegelian motive in Marx's analysis of the value form has gone missing in the interpretations of the post-Uno School and Benetti/Cartelier, should not be too surprising now. Cartelier however sees the deliberate ignorance of 'an alleged deeper level' (Cartelier 1991, p. 260) as the specific advantage, not disadvantage, of his approach.

108 See Backhaus 2011, p. 151.

5.1.6 *The Conflation of Value and the Value Form, or: The 'Original Sin' of Conventional Political Economy*

The claim that Marx's labour theory of value was a 'residue' of the discourse of the classics, is an argument to be found in almost all newer discussions of Marx's value theory.[109] We, however, think that this contention cannot be upheld. It builds on the assumption that the classics had a 'labour theory of value' at all, which we have refuted in Chapter 1. Only Marx, we argue, in fact had a *consistent*, *social*, and *consistently social labour theory of value* at all. To therefore claim that Marx's labour theory of value as a theory of the *quality* and the *quantity* of value is a 'Classical residue in Marx's value theory' (Itoh), 'derived from Classical political economy' (Reuten), even a theorem that Marx 'refused' (Harvey), has no theoretical basis. Yet, even if the claim of the 'old discourse' prevailing in Marx can be successfully refuted – are the claims of the NML thoroughly consistent with regard to the 'organically interrelated categories of value and money'? To give an example: in the same text (the *Materials* III), Backhaus meanders between different conceptualisations of the 'prevalence' of money. Having just shown that the nexus between value and money, and therefore the derivation of money from the commodity, must be thought of as a *critique* of premonetary theories of value, he verges on digressing into the nominalism he has just admonished – even though these considerations are formulated very hypothetically:

> If it can be proven that Marx's path of the 'development' of the money form of the commodity cannot be followed, then the category of money will have to be accepted as the *logical prius* of economic theory, as the basic concept irreducible by the means of economic analysis. It may be hypostasised that value theoretical consequences follow from it. The objectivist theory of value would lose its object if the objectivity of intersubjectively valid units of money can be provided.[110]

But Backhaus has already formulated the insight that money is not an *explanans*: that, in his own words, the category of money is precisely *not* an 'irreducible basic concept', but itself *in need of* an explanation – hence Marx's task to answer the 'riddle' of money. What is more, Backhaus in this passage seems to confuse what an 'objectivist' *theory* of value could provide with what *money*

109 Apart from the authors mentioned here, see Itō 1976, p. 312; Reuten 1993, p. 89; Arthur 2006, p. 10; Harvey 2018, p. 1. Interestingly (or rather tellingly), these authors do not provide any original source for their claims.

110 Backhaus 2011, p. 181.

itself ('intersubjectively valid units of money') could provide. However, a *theory of* B and *B* are not the same thing: even if these 'intersubjectively valid units of money' *exist* objectively, they still require an *explanation*. This being given, the theory of value would not lose its object, because money would still be an *explanandum*. Backhaus seems to admit the epistemological dimension of this problematic when he says: 'Ultimately, the point is whether an "empirical principle" is demanded to give an argument for the intersubjective validity of economic unities'.[111] One can therefore evade the impression of ambiguities in Backhaus's theory of money, verging on the neoclassical identification of value with its external measure (money), only with difficulty.

Marx has time and again stressed that value, and with it, abstract labour, is never constituted in exchange. To the contrary, the idea of a mere *Formwechsel* (change of form) from the commodity to money, or an interchange of their specific locus in the exchange process being generative of value, is precisely the target of Marx's critique.[112] Yet, even prominent Marxist theorists deeply engaged in reconstructing Marx's theory of value, do not always sufficiently delineate their distance to 'exchange' or 'circulation' theories of value. We contend that the assumption that value is constituted in exchange relies on a *conflation of value and the value form*, a conflation of *Wert* and *Wertgegenständlichkeit*. This conflation is unfortunately also to be found in Heinrich. In *The Science of Value*, Heinrich quotes from the fetish chapter: 'It is only by being exchanged that the products of labour acquire a socially uniform objectivity as values (*Wertgegenständlichkeit*), which is distinct from their sensuously varied objectivity as articles of utility'.[113] He comments: 'In this sense, abstract labour [i.e. the substance of value] is a specific social determination of labour that is

111 Backhaus 2011, p. 183.

112 The *locus classicus* of course being the chapter of the 'Contradiction in the General Formula [M-C-M']': 'Circulation, or the exchange of commodities, creates no value'. Marx 1976, p. 266. Marxist theorists often forget that M-C-M' is the *object of Marx's critique*, and not a 'neutral' formula. The standpoint of the 'neutral' or 'formal' form is the standpoint of conventional political economy. For this argument, see also Brentel 1989, pp. 244–5: 'The ideological semblance of simple circulation precisely results from the fact that their economic determinations appear to the immediately acting subjects, as well as their theoretical interpretors, as *exlusively formal* determinations … in the mediating forms C-M-C and M-C-M, simple circulation merely presents the "formal process" (*Grundrisse*, 919) of mediating or realising both determinations of the commodity as use value and exchange value in so far as these – polarly distributed to the extremes of the exchange process – interchange with one another as money and the commodity … money as economic form therefore seems to have no further content-related (*inhaltlich*) determination or rationale than the mediating movement of simple circulation itself'.

113 Marx 1976, p. 166, quoted in Heinrich 1999, p. 208.

only brought about in exchange (*erst durch den Tausch zustande kommt*)'.[114] But Marx does *not* speak of *value* (*Wert*) in the quote Heinrich provides – instead, he speaks of value *objectivity* (*Wertgegenständlichkeit*): the form in which value becomes *objective* (gegenständlich), that is, as the *value form of money*. And it is a matter of fact that 'only by being exchanged' the different labours can appear as uniform labour in *money*.[115] *Wertgegenständlichkeit* therefore has to be understood as the *form* of value, not *value itself* (*Wert*). This distinction is crucial. Its neglect informs what we might call the 'original sin' of conventional political economy. If the systematic fetish-character of money and the further, even more 'mysterious' forms of value (capital, profit, rent, interest, etc.) are to be correctly understood and *targeted* in the nexus in which they constitute the categories of political economy, it is essential to distinguish *value* and its *forms*. And it is only the latter (the value form), as a necessary form of *appearance* of the former (value) that has its locus in exchange. But it is precisely *because* the 'sphere of exchange is the only sphere known to the bourgeois economist', that their relation to *value*, i.e. the social form of labour in its confrontation with capital, is obfuscated. In consequence, to the naked, i.e. conventional economist's, eye, it is unclear what value has 'got to do' with money. If accordingly, the constitutive conceptual difference of *value* and the *value form* is collapsed, it is easy to conclude that *value*, and not the value form of *money*, is constituted in exchange. Marx, in his economy-critical work, especially in the 1861–3 *Economic Manuscripts* through *Capital*, has shown precisely this identification of the two to account for the fetishistic horizon, the 'original sin'

114 Heinrich 1999, p. 209.

115 Throughout the following section 'Value Objectivity' ('*Wertgegenständlichkeit*') (Heinrich 1999, pp. 214–15), Heinrich identifies value and value objectivity. While Heinrich's endeavour is in proving that value – a specific *social* relation – is constituted in exchange, he exclusively refers to value *objectivity*: 'Value objectivity … is assumed by the commodity only under specific social relations (commodity production) and is therefore a *social* property that however appears as an objective property, which constitutes the fetish character of the commodity. It is however essential that this social property only exists *in the social relation* between commodities, i.e. in exchange'. Heinrich 1999, pp. 215–16. This is true as far as value *objectivity*, i.e. the value *form*, is concerned. But, in line with Marx's overall argument reconstructed above, it is wrong as far as *value* is concerned. It seems odd that Heinrich conflates the question of value's necessary appearance (as *Vergegenständlichung*) with the *cause* of the same, i.e. the specificity of the social form of labour under capitalist productive relations – despite his attempt to emphasise the latter. His argument about the specificity of abstract labour in the capitalist mode of production therefore only goes halfway. (That value objectivity is constituted in exchange is uncontentious to our interpretation.)

of bourgeois political economy. As we have shown, his critique of Bailey, but also of Ricardo, is pertinent here.

That said, however, neither Backhaus's nor Heinrich's interventions are attempts to discard (or 'abandon', as Mukai suggests) the theory of value. It is quite the opposite: an understanding of how deeply the theory of money penetrates the theory of value – and vice versa. Consequently, their appropriation by Mukai, as well as other Japanese theorists working in value theory since the 1990s towards a position that rejects Marx's core critical theorem, is indeed rather difficult to defend. While it is true that the labour theory of value is the vantage point for any meaningful analysis of the fetishistic forms of value in the capitalist mode of production, this does *not mean it must be separated* from the theory of money. To the contrary, it is precisely *because* the labour theory of value is the methodological and analytic heuristic – the 'tool' – to unravel the forms that value takes, paradigmatically money, that it *presents* the theory of money. This is how the 'monetary theory of value' must be understood – and this has nothing to do with 'embodied' theories of labour.

It is, however, difficult to diffuse the suspicion that, by the appropriation of the NML to delegitimise the labour theory of value – attempts which we can also find in the Benetti/Cartelier paradigm and which they ironically share with their neo-Ricardian 'adversaries' – a new framework can be found in an attempt to delegitimise Marx's critique of the capitalist mode of production. That without Marx's critique, the most holistic and concise analysis of the capitalist mode of production that we have even today, we would be thrown into a kind of 'stone age of cognition' as to the mode of socialisation in which we now live, is hopefully shown to be obvious. Yet, authors working in the post-Uno school seem to concentrate their energies on precisely this kind of deconstruction, whatever their motives. It may, however, just be that with their emphasis on the category of the 'market' as economic object, the 'monetary approach' with its nominalist, Baileyan identification of value/price and money, and the declaration of the predominance of 'circulation' over 'production', these theories have long succumbed to the fetishisms of the bourgeois relations of production they, or so we at least like to believe, must have questioned at some point.

5.2 The 'Dialectic of Capital' as the Apologetic of Capital in the Anglophone Uno School

As we have seen in Chapters 3 and 4, the analysis of Uno's reconstruction of Marx's Critique of Political Economy as the critique of capitalist relations of production provided the following results:

- the reference to the framework of methodological individualism implied in the reinterpretation of value form analysis as structurally depending on the personal 'wants' of commodity owners,
- the basic concept of capital derived from merchant capital, i.e. 'buying cheap and selling dear' (arbitrage),
- an understanding of 'social reproduction' unhinged from the exploitation of alien and unpaid labour,
- the reinterpretation of the 'law of value' as the law of general equilibrium of supply and demand,
- the dismissal of a concept of crisis in favour of a concept of business cycles consolidating that equilibrium,
- the dismissal of labour values in favour of market-regulated price as a) the 'solution' to the problem of the transformation of labour values into prices of production and b) the 'real enactment' of the law of value in which values and prices of production coincide.

In sum, these results can be diagnosed as the hypostatisation of use value as the primary locus of capitalist economic mediation, which implies Uno's theoretical proximity to the paradigms of classical, and consequently (albeit more problematically) neoclassical economy, in its acceptance of a 'harmonious' interplay of factors of production and consumption, in which the aim of capitalist production is the satisfaction of 'needs'. As we have previously shown, Uno's theory of value and money is basically informed by the methodological framework of marginalism and shares its core features – methodological individualism; functionalism ('money is what money does'); the understanding of capital as not primarily defined in its contradictory relation to labour, but in being a 'commodity economy'; and the vantage point of surplus value production not primarily in the exploitation of living labour, but other factors, such as arbitrage. Marx's predominant *Problemstellung*, namely the capitalist production process itself, whose objects, the categories of conventional political economy, assume their fetish-character by disavowing the problem of abstract living labour and its unequal exchange with capital, remains a theoretical sideline in Uno. Most of all, however, the prevalence of the idea of general equilibrium as the 'enactment' of the law of value, balanced social reproduction, and the structural impossibility of crisis within the framework of 'pure theory', are detrimental to Marx's critique of the prevailing social mode of production.

The general aim of this chapter (5.2.) is to present and problematise the relatively recent reception of Uno's work by the Anglophone Uno School which, for reasons of their sheer prolificness, we identify rather reductively with the works of Thomas T. Sekine and his best-known follower, Robert Albrit-

ton.[116] By evaluating which of Uno's theorems have been emphasised in this line of reception, we in turn investigate its specific interest in Marxian theory and how it served to produce an independent theorisation of Marx's legacy. We can here identify a central problem which has already confronted us in the analysis of Uno's intervention: the capital relation, i.e. the confrontation of capital and labour, is not understood as the *object and target of critique*, but as a 'logical' and transparent entity, devoid of any problematic as to the inversion of capital's own self-presentation in the rationalisations in bourgeois economy and its real basis in the social form of labour, i.e. the problem of fetishism. In this perspective, indeed, '[c]apital … cannot lie to us or deceive us'.[117] Therefore, despite its claims of presenting, in the case of Sekine, a 'Critique of Bourgeois Economics',[118] this intervention must much rather be characterised as capital's *apologetic*, as will be shown in this chapter. For a large part, this is owed to the invocation of the term 'law of value' as a central analytical category in this line of reception. Following Uno, the 'law of value' in Sekine's perspective indicates balanced and evenly distributed production and the general equilibrium of supply and demand as the core feature of capitalist reproduction,[119] not the sustenance of capital through increasingly crisis-ridden forms of exploitation and appropriation of living labour as its basic condition. It therefore betrays a euphemistic and apologetic outlook on the concept of capital as the 'god of our own "economic motives"' in the style of Feuerbachian anthropomorphism, in combination with an asocial, idealist, and arguably 'rational choice'-inspired 'utility maximising' conception of the individual:

> According to Feuerbach, God did not create us in his image, rather it is we who create him in our image … If … these wonderful attributes of ours, or human essences, as Feuerbach calls them, are made infinite and absolute, and extrapolated as attributes of an entity beyond us, we have created God … Similarly, I would say that we, finite human beings, are all to some extent greedy and acquisitive, avoid waste and pursue efficiency (sic), wish to accumulate material wealth, etc.; in short, we maximise gains and minimise losses. But we never do so infinitely. Let these 'economic

116 Other members include John R. Bell, John Simoulidis, Richard Westra. We have referred to their works in Chapters 3 and 4. See References for the major publications by Sekine and Albritton.

117 Sekine 2013 (1999), p. 188.

118 This is the title of Sekine's collection of essays from 1980–2013 (Sekine 2013).

119 'The law of value … can never be adequately accounted for except in light of a general equilibrium of the capitalist economy, in which resources are presumed optimally allocated (sic) to all branches of production.' Sekine 2013 (1999), p. 191.

> motives' be made infinite and absolute, and be extrapolated in an entity beyond ourselves (sic). Then we have created 'capital'. In other words, capital is the god of our own 'economic motives'.[120]

Consequently, the de-problematisation of capital as a *social relation* in the Anglophone Uno-School leads to an unconscious conflation of what is called the 'dialectic of capital' with the idea of *pre-established harmony*, reflected in the (mis-)use of 'law of value' as 'balanced' conditions of reproduction – and hence the rejection of the inherent crisis-ridden character of capital, the rejection of Marx's analysis of surplus value as the direct exploitation of living labour as the point of reference, and, ultimately, the problem of 'labour' remaining external to its analysis. Capital's fundamental *dependence* on forms of appropriation of living labour without an equivalent remains unaddressed in Sekine's approach.

We do not only ascribe this insufficient awareness of the *Problemstellung* with regard to the law of *valorisation* (rather than the euphemistically named 'law of value') to a *lack of awareness* of the contradiction between dead labour (capital) and living labour as the source of (surplus) value. We also detect a radical divergence of the pragmatic and the semantic aspects of Sekine's and Albritton's contentions, or, in common parlance, a divergence between the assertion and the reality of their claims. First, we will evaluate Sekine's position, followed by an evaluation of Albritton's central works and claims.

5.2.1 *Sekine's Idealisation of Capital*

Like that of Itoh Makoto around the same period, the work of Sekine, who studied with Uno and came to accept a position at York University in the late 1970s, helped to introduce Uno's theory to a non-Japanese audience for the first time. His English publications, such as '*Uno-Riron*: A Japanese Contribution to Marxian Political Economy' (1975) and 'An Uno School Seminar on "The Theory of Value"' (1984–5)' arguably contributed to the reshaping of questions of basic Marxian methodology and value theory to include a wider, non-European or US scholarly reception. His translation of Uno's *Principles* in 1980 arguably gave Uno's theory and attempt to reconstruct Marx's *Capital* the greatest impact. Unlike Uno, however, Sekine sees his specific contribution in having established a correlation between the methodological architecture of the tri-partite structure of Hegel's *Logic* and Marx's *Capital* that '[o]nly the

120 Sekine 2013 (1994), p. 7.

Unoist approach'[121] has adequately articulated. In Sekine's view, therefore, in the *Principles*, 'Uno treats the theory of a purely capitalist society in the three doctrines of circulation, production and distribution in just the same way as Hegel expounds his *Logic* in the three doctrines of being, essence, and the notion',[122] which can be considered a more rigorous systematisation of Marx's structure. Central to this understanding is that Uno's doctrine of distribution (*bunpairon*) 'shows how the capitalist mode of production develops and regulates its own market so as to produce all use-values that are socially needed in a manner that is most satisfactory to the self-adopted claim of capital',[123] thereby short-circuiting the alleged pre-established harmony of capitalist reproduction with a certain understanding of the Hegelian 'Absolute'.[124]

Before we come to understand the idealistic hypostasis of Sekine's concept of capital, we must note that Sekine's work, unlike that of Itoh and despite its alleged Hegelian habitus, addresses a non-academic audience. This is evident in terms of both style and content: the introductory and schematic character of explanations,[125] the use of simple (if not overly simplifying) examples and language,[126] the lack of reference to original sources, the often anecdotal

121 Sekine 2013 (1994), p. 2.

122 In the appendix to Uno 1980, pp. 147–8.

123 Ibid., p. 148.

124 In this context, see also: 'Here the dialectic of "capital" replaces the dialectic of the Absolute; with Marx "capital" plays the same role as Hegel's Absolute …' Sekine 1986, p. 39, quoted in Versieren 2018, p. 220.

125 A schoolbook-style explanation of the difference between 'natural' and 'social sciences' forms the introduction to at least three of Sekine's essays (see Sekine 2013, pp. 4–6; Sekine 2013, pp. 13–16; Sekine 2013, pp. 35–41). In these, we hear that '[f]or instance, we may be able to predict, with a fair degree of accuracy, that an earthquake of a certain magnitude is about to occur in a given region … We cannot, however, stop the earthquake itself from occurring … In summary, we can never know nature from inside out. We can only observe it from the outside to learn the regularity of its motion in various specific contexts, and conjecture what it might do next. Since we cannot get to the Ding-an-sich … of nature, we had better conform to its motion wisely and subtly, without becoming too arrogant … This wisdom, however, does not apply, as soon as we put "society" in place of "nature" in the above argument. Society is that which we ourselves make up. We are its creator, and we are (or ought to be) fully privy to its inner logic'. Sekine 2013 (1994), pp. 4–5. Original orthography. Note also that with this transhistorical view of society, the specificity of capitalist societies, in which 'the process of production has mastery over man' (Marx 1976, p. 175) akin to a force of nature, as well the 'socio-natural properties' (Marx 1976, p. 165) of commodities which account for their fetishism, remains unaddressed.

126 'Dialectic, however, never claims that A and Ā' are simultaneously true. It merely says that if Mr. Jones is a husband, that does not prevent him from being a son, a father, an uncle, a brother, a cousin, etc. of someone other than his wife'. Sekine 2013 (1980), p. 47.

style in which certain claims are upheld,[127] and, last but not least, the missing engagement with other schools of thought, especially in the Hegelian Marxist vein, whose arguments might or might not reflect or situate Sekine's own work. It is striking that Sekine at no point seems to find it necessary to engage with the efforts of the Neue Marx-Lektüre, Postone, or even the Althusserian problematisation of Hegelian Marxism in discussing his own idiosyncratic parallelisation of Hegel's and Marx's system, despite the common rejection of the logical-historical method and the delineation from traditional Marxism.[128] His engagement with related positions is limited to a critical response to Chris Arthur's original critical engagement with the Uno School's conception of money and exchange.[129] Pointing out the non-academic character of Sekine's writings should however not make the reader prone to take less seriously his high claims to interpreting the 'dialectic of capital' as a self-sustaining and enhancing system in the vein of Hegel's 'absolute spirit'. If anything, it should make the reader more sensitive to it. For we detect a considerable gap in Sekine's (and, as we will see, Albritton's) fairly high claims of the 'Dialectic, or Logic that Coincides with Economics' and the very validity of this claim in a Marxian framework. In fact, we contend that Sekine's idiosyncratic interpretation of the concept of capital raises no suspicions of having been developed in a Marxian framework at all – including, pertinently, capital as a form of value emerging from the conditions of unequal exchange between itself and labour on the basis of the appearance of equivalent exchange, i.e. as a specifically conditioned and *contradictory social* relation, presupposing class society as the specific relation of production. The rejection of the very core of Marx's analysis, i.e. the rejection of what is arguably the *defining feature* of Marx's intervention against classical political economy, further consolidates this lack of engagement with Marx's problem-setting. The height of this misconception can be found in Sekine's almost alienating assertion that '*the more we study economics, the more "capital-*

127 'In the course of my training as an economist I have learned that true economic theory should take the form of the dialectic of capital, whose structure is a mirror image of Hegel's logic. My reason for writing this essay is to explain to you what all that means. With this preamble-caveat, I wish to begin with a personal episode relating me with Hegel …' Sekine 2013 (2003), p. 12.

128 Versieren's claim that Sekine, in his latest contributions, 'also underlines his differences in conceptualizing totality with Adorno, *Neue Marx-Lektüre* and *New Dialectic* – three Hegelianized interpretations of Marx's *Capital*' can – with the exception of Sekine's response to Chris Arthur – not be confirmed.

129 See Arthur 2006 and Sekine's response in the same journal (*Capital and Class*) in 2009. See Sekine 2013 (2009), pp. 163–84.

ist" we tend to become. Only Karl Marx knew this danger from the beginning, and thus undertook to criticise that "opium-like" science of political economy'.[130]

For Sekine, as briefly summarised above, capital is nothing 'outside of us', but, analogous to Feuerbach's anthropomorphism of God, the extension and extrapolation of our own economic interests and motives: 'To understand the logic of capital, we only have to ask ourselves what we, as economic man, would do in this or that situation'.[131] The 'fundamental core of economic theory', for Sekine, is therefore 'the definition of capitalism by capital itself',[132] or method copying, as he calls it elsewhere. This includes the detection of capital's own laws, i.e. that of general equilibrium, not by the 'experimental, trial-and-error method' of the natural sciences, but 'by introspection'. As though this reference to the realm of religion were not sufficiently unsettling, Sekine further mobilises hyper-idealistic motives as the 'method' by which to gain access to capital's functioning. Let us see how.

An important aspect in Sekine's, as in Uno's, concept of capital as a totality, is its relation to 'use-value space', in such a way that use value can never be totally subsumed to the totalising demands of capital. We have already problematised Uno's idea of the 'constraint of use value' in Chapters 2 to 4 in relation to Uno's principal failure to sufficiently conceptualise the threefold inversion taking place in the equivalent form of value, i.e. money, as well as in Uno's Ricardian understanding of premonetary social reproduction in which capitalist society basically hinges on the fulfilment of demand in terms of use value, not in terms of value, that is, *moneyed* demand. For Sekine, capital must however 'presuppose an ideal use-value space'.[133] This has little to do with understanding the necessity of *monetary mediation*, but rather with capital's self-idealisation, the insight into which allegedly allows us to understand the 'method' of capital's dialectic, or logic.

> A use-value space is ideal when no part of it resists or exceeds subsumption under the logic of capital. Only by presupposing such an ideal use-value space, can we let capital synthesize pure capitalism, the theoretical definition of capitalism. The way in which this kind of economic theory is synthesized is, in fact, quite simple. In this ideal use-value space, we need

130 Sekine 2013 (1994), p. 6. Italics in the original. This use of decontextualised and arbitrary quotes, without providing the original source, is another feature of Sekine's populist scientific approach.

131 Sekine 2013 (1994), p. 7.

132 Sekine 2013 (1994), p. 7.

133 Sekine 2013 (2003), p. 19.

> only specify a particular situation or context, before asking capital, 'Now what do you want to do?' We always get the right answer from capital, and economic theory is no more than an ordered totality of such answers.[134]

As though this assertion were not already deeply set in the framework of a Fichtean identitarian idealism (which Hegel has fiercely objected to), Sekine expands the idealistic hyperbole to the individual, culminating in Novalis-style romantic metaphysics:

> But how do we know that capital's answer is always true? Because the truth is already in ourselves. Recall that capital originated in us before it transcended us. Since capital is our 'economic motives' made infinite, we are in fact asking the question of ourselves and answering it. There is nothing inside ourselves that we do not know.[135]

We shudder to think what Marx, whose wit and scathing criticism far surpasses our own, would have made of these claims. Certainly we must halt to ask what bearing this combination of naive romanticism and dogmatism has on the critique of political economy. Yet, for Sekine '[o]nly when we see the whole body of economic theory as the definition of capitalism by capital itself, i.e., as the logic of capital the unfolding of which constitutes capitalism, do we understand how the structural (or equilibrium) aspect of it and the dynamic (or cyclical) aspect of it can be brought together into a unified system. This we call the *dialectic of capital*'.[136] Equilibrium instead of the necessary rupture between (over-)production and *moneyed* demand, and cyclical operations of the market instead of the inherent tendency to the increasingly exacerbating crisis, as problematised in Uno's approach in Chapter 4, accordingly become the hallmark of this line of interpretation, for which Sekine explicitly claims Uno's legacy: 'It is the signal accomplishment of Kōzō Uno (1897–1977) to have understood Marx's *Capital* as essentially a book of the dialectic of capital'.[137] The difficulty here arises in reconciling such a reading with what Marx *actually proposed*, due to the lack of e.g. references to the *source* that Sekine claims as authoritative to his interpretation – i.e., *Capital* and Marx's other critical-economic writings. Similarly underdeveloped are critical engagements with texts that might further substantiate Sekine's idiosyncratic perspective.

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134 Sekine 2013 (2003), p. 20.
135 Sekine 2013 (2003), p. 20.
136 Sekine 2013 (1994), p. 8. Emphasis in the original.
137 Sekine 2013 (1994) p. 8.

The non-fulfilment of even the most minimal scientific standards notwithstanding, Sekine's view of the law of value as the 'law' of general equilibrium becomes the defining feature of his economic theory, i.e. the 'dialectic of capital'. In it, the production of surplus value is not denied, but it is understood to *complement* the law of equilibrium, and not to contradict or considerably unsettle it. The price-value divergence must hence be 'corrected' in such a way that, ultimately, prices regulate balanced production and demand through their fluctuations on the market, in which labour values no longer exert any influence on real price formation. By discarding the problematic of surplus value and profit as the unpaid labour time of total social production, unpaid labour appears as *paid* labour in Sekine's approach, without any means to discern how this very transformation could have taken place. However, as shown in Chapter 4.3., in the context of the theory of profit, Marx's intention is no longer to explain the origin of surplus value, but the *appearance of capital as self-valorising*, or, in Heinrich's words, 'how the origin of profit becomes invisible',[138] i.e. how the appropriation of unpaid labour can appear as paid labour in total social production. This cognitive interest is beyond Sekine, for whom the labour theory of value is no longer the determining framework by which the discrepancy of value and price, but also that of paid and unpaid labour, can be accounted for as soon as labour values assume the form of production price. Sekine's intention much rather is to explain the 'law of value' as the law of equilibrium price formation on the market, where value 'is that which expresses itself as a price in the sphere of circulation and that which consists of abstract (in the sense of "socially-necessary") labour in the sphere of production.' However, this explanation is tautological: according to Sekine, labour values automatically become prices of production by the workings of the 'law of value', which is however at no point derived from a set of assumptions not already presupposing what is supposed to be explained. The tautological character of Sekine's approach is further exacerbated by his decision to explain the substance of value by 'the real cost that society bears in producing it in terms of the expenditure of productive labour'.[139] In this view, the substance of value is the 'real cost' of its own production, value is explained by its 'cost', and cost by 'value'. The vague notion of 'society bearing costs' completely evades the class character constitutive for this kind of production. The extraction and appropriation of alien unpaid labour is anathematic to Sekine's theory.

138 Heinrich 1999, p. 283.
139 Sekine 2013 (1999), p. 195.

In this context, Sekine criticises the 'non-equilibrium' approach of Marxist economists who insist that value and prices (prices of production) do not converge, but that the sum total of unpaid labour time is directly proportional to the total sum of profits. They therefore do *not* abandon Marx's axioms formulated in Chapter 9 of *Capital* Volume III and can simultaneously account for capital's false appearance as 'self-valorising'. In the following, we will set Sekine's equilibrium approach in contrast to one of the 'non-equilibrium' approaches he criticises, developed by Duncan Foley, Gérard Duménil, and Alain Lipietz in the early 1980s.[140] Here, the concept of the 'value of money', or in later terminology MELT, upholds the labour theory of value as the sine qua non frame of reference for showing that, in the problematic surrounding the 'transformation problem', 'the proportionality of profit and unpaid labor time in the face of any deviations of prices from labour values', are 'retained'.[141] This theory in our view has at least three advantages over Sekine's, in that it is a) *monetary* (defining capitalist production as specifically *capitalist*, i.e., not mediated by *use values*), b) defining, explaining and solving the value-price deviation without abandoning the *necessity* of this deviation, and c) retaining class struggle as historically specific to the capitalist mode of production. The explicit reference to the labour theory of value as the defining framework undertaken in Foley's approach is not only missing from Sekine, but emphatically rejected, in that he dissolves the 'non-equilibrium' inherent to the value-price deviation and the deviation between supply and moneyed demand into the pre-established harmony of 'balanced production' and an understanding of the law of value as reflected in optimal or equilibrium price. Here, the meaning of 'socially necessary labour time' is no longer tied to the 'optimal allocation of *unpaid labour*' through intersectoral competition of firms (and, to a lesser extent, demand) and its effect on price formation, but euphemistically referred to as the optimal allocation of *resources* for balanced production in which supply and demand are regulated by the market, and in which crises can and do not occur. This problematic shall be addressed in the following.

5.2.2 *General Equilibrium and the Linearity of Capital*

According to Sekine,

> [o]ne of the commonest claims that Marxists make is that economics should stress the instability and not the equilibrium of the capitalist eco-

140 For reasons of space, we must limit our commentary to Foley's work.

141 Foley 1982, p. 37.

> nomy because the latter is a 'contradictory' system doomed to automatic breakdown. According to such a claim, 'equilibrium' is nothing more than a false vision of capitalism, complacently entertained by the bourgeoisie, and should have no place in Marxist economic analysis.[142]

The reason why Marxist theorists reject the equilibrium approach is not, as Sekine thinks, the belief in capitalism's 'automatic breakdown', or, as he states further down the page, the belief in 'Nostradamus-style' prophecies about the 'future of human civilisation', but equilibrium's blindness to capital's incessant accumulation of abstract wealth in the form of profit on the one pole and, by this very process, the simultaneous creation of conditions for labour's increasing redundancy, in the form of superfluous industrial reserve army and its subforms (the precariat, the surplus population), on the other. This fundamental contradiction, which is much more likely to characterise the law of value as the law of crisis than of 'general equilibrium', is a dynamic *inherent* to the very mode of production whose ultimate *raison d'être* is never use value, but value, embodied in money or abstract wealth. Money here marks the *very cleft* between capital's necessity of self-valorisation and the laws of its realisation. As long as the specificity of a particular mode of production does not consist in producing commodities that meet demand, but only commodities that meet *moneyed* demand, this contradiction will be constitutive for its mode of operation.

Conceptually, capital therefore operates on the logic of its own contradiction, a contradiction that is exacerbated by historical progress. We have shown the operations of this dynamic in Chapter 4 and contrasted it with Uno's thesis of the law of value as the law of general equilibrium. Sekine's strange disavowal of this *logic* of capital and the invocation of capital's logic as 'being for the best' of capital does not even acknowledge that this 'dialectic' (which is in fact closer to the Fichtean concept of identity) does *not* even apply to capital's *own* terms of operation. The development of the forces of production and its increasing contradiction with the relations of production is factual, both logically and empirically. For instance, the increasing hyper-inflation of businesses developing computerised applications for saving labour costs for major companies since the 2010s (ABB, Rockwell Automation, Allen-Bradley, Cognex Corporation, etc.) has spawned an economy-onto-itself, which is no less safe from crisis tendencies than the 'real economy' it helps to 'optimise'. Capital *does* activate its powers to 'tear down all barriers' to accumulation, but pre-

142 Sekine 2013 (1999), p. 191.

cisely *by doing this* and inventing ever so intricate business models to enhance this process, it reaches its inner limits: all of these ever so innovative models, being of the logic of capital, stand or fall with the valorisation of labour. This is a tendency that is both very real as well as grounded in the deeper, very contradictory logic of capital's secular tendency to crisis.

For Sekine however, the ideal model of the 'dialectic of capital' which by no means is 'only a theoretical fiction'[143] fundamentally rests on the precondition of 1) an ideal use value space (in which use values are 'controlled or "neutralised"; that is to say, rendered in thought more amenable to the logic of capital'[144] than they 'actually' are), and 2) the limitless availability of labour-power. These being given, capital can operate according to its own logic of inherent equilibrium, allocate productive 'resources' and ultimately produce all commodities in accordance with their 'socially necessary labour time', or value, which then simply coincides with their production price:

> The law of value, after all, can never be adequately accounted for except in the light of a general equilibrium of the capitalist economy, in which resources are presumed optimally allocated (sic) to all branches of production. In the dialectic of capital, a state of general equilibrium exists when no commodity is either overproduced or underproduced relative to the existing pattern of social demand, i.e., when all commodities are capitalistically produced in their socially necessary (i.e. equilibrium) quantities. In such a state, capital allocates the productive resources available to society 'optimally' to all branches of production, in which a uniform rate of profit prevails. In such a state all commodities will be exchanged one for another at their respective production-prices, while embodying no more or less than the socially necessary labour for their production as value.[145]

If one were to think that the discrepancy to Marx's critical cognitive interest in capital's logical convulsions could not be stronger at this point, capitalism, for Sekine, is *sufficiently defined* by equilibrium production. In fact, for Sekine, if empirically a state of equilibrium cannot be accounted for, then 'the economy, which fails to embody the definition of capitalism (sic), cannot be a capitalist one'.[146] At the same time, it is true that capital accumulation must

143 Sekine 2013 (1999), p. 192.
144 Sekine 2013 (1999), p. 191.
145 Sekine 2013 (1999), p. 192.
146 Sekine 2013 (1999), p. 192.

undergo 'cycles', i.e. a 'special macro-mechanism' that ensures 'the continued existence of capitalism'.[147] This, for him, is the 'law of relative surplus population' that, by the expulsion of workers superfluous relative to the demands of capital, ensures the sustenance of capital's functioning (i.e. further accumulation) through the depressive phase of the business cycle, as we have seen in Uno in 4.4. It is crucial to Sekine that the interchange of cycles in the 'widening' or 'prosperity' phase (absorption of labourers) and 'deepening' or 'depression' phase (expulsion of labourers) relative to the demands of capital makes capital steadfast against real crises of valorisation. The relation between social change and crisis for Sekine is therefore entirely arbitrary: 'A crisis can lead to a revolution for contingent reasons but not as a necessary consequence of the operation of the logic of capital'.[148] It is as though the whole conceptual problematic of the production of relative surplus value is beyond the scope of Sekine's interest. Sekine's is precisely *not* a dialectical, but a *linear* conceptualisation of capital.

This becomes even clearer in Sekine's concept of surplus value, which ultimately discards Marx's theoretical framework and resorts to the conception of 'profit as arbitrage' (or 'profit upon alienation') of the classics that Marx so fiercely objected to. In the context of the critique of the neoclassical economic notion of 'utility maximisation' or 'substitution', which Sekine contrasts with his concept of general equilibrium as the 'enactment' of the law of value, he claims:

> The general equilibrium in the capitalist market (sic) results from the mercantile behaviour of 'buying cheap and selling dear' any commodity, i.e. from the indifferent act of 'arbitrage' on the part of the capitalist, and not from the consumer's act of substituting one use-value for another. A merchant, which the capitalist most certainly is, shifts any commodity from where the demand for it is low to where the demand for it is high by the capitalist act of arbitrage, so that the available commodities in the market are reshuffled and shifted to where they are most needed by society. If production is also involved, capital sees to it that the most needed and wanted commodities are produced first, allocating society's productive resources optimally to all industries. In other words, a general equilibrium of the capitalist market is achieved by the mercantile act of arbitrage.[149]

147 Sekine 2013 (1999), p. 192.
148 Sekine 2013 (1999). p. 194.
149 Sekine 2013 (1999), p. 197.

Counterfactual to Marx's analysis of the origin of profit which, as explained earlier, lies in the difference of k (cost price) and C (commodity value), not in the difference between C and sales price, Sekine reiterates Proudhon's (as well as Torrens's and partly Steuart's) argument that the cost price of the commodity constitutes its value, and that by virtue of its sale alone, surplus value (and finally profit) emerges. In short, for Sekine (as well as Marx's predecessors), profit appears as the excess of the sales price of the commodity above its value. With arbitrage as the explanatory framework for surplus value (and profit), something is generated out of nothing. Because cost price is identified with the value of a commodity, surplus value must stem from exchange. However, the value of a commodity, as soon as it is produced as a *product of capital*, already *contains profit* in the form of C = k + p. Production price then marks the aliquot part of that share in the total sum of produced values that is in proportion to the capital invested: k + kp'. Here is what Marx says about conceptualisations like that of Sekine which falls victim to the fetishism of profit as being constituted in exchange – which was already dealt with extensively in Chapter 5 of *Capital* Volume I, the *locus classicus* of the refutation of theories of 'value by exchange':

> Thus if commodity value is formed without any other element besides the capitalist's advance of value, there is no way of seeing how any more value is to come out of production than went into it, unless something is to come out of nothing.[150]

Robert Torrens, one of first proponents of 'productive factors' theory,

> manages to evade this creation from nothing only by shifting it from the sphere of commodity production to the sphere of commodity circulation. Profit cannot derive from production, says Torrens, for if it did it would already be included in the costs of production and would not be an excess over and above these costs … The sum of values of the products exchanged is evidently not affected by the exchange of the products whose value sum this is.[151]

Therefore, neither Torrens, nor the 'socialist' Proudhon, can explain the origin of profit:

150 Marx 1981, p. 128.
151 Marx 1981, p. 129.

> The unthinking notion that the cost price of a commodity is its real price and that surplus-value springs from selling the commodity above its value, i.e. that commodities are sold at their values when their sale price is equal to their cost price – i.e. equal to the price of the means of production consumed in them, plus wages – has been trumpeted forth by Proudhon with his customary pseudo-scientific quackery as a newly discovered secret of socialism.[152]

Sekine's inability to understand, not to mention *explain* the 'real contradictions'[153] of developed categories of political economy, such as profit, within his framework of the reconciliation of a theory of arbitrage with the law of value as general equilibrium, is therefore only mildly surprising.

What Sekine really takes issues with, however, is the 'non-equilibirum' approach of the single system interpretation (A. Kliman, A. Freeman, G. Carchedi) and the New Interpretation, especially the proponents of the 'value of money' or MELT approach, D. Foley et al., as mentioned earlier. As Sekine correctly sees, these authors reject Bortkiewicz's 'dual systems' approach (of two different equilibriums, one measured in value, one in price), continue to regard Marx's labour theory of value as absolutely indispensable, and 'vigorously defend Marx by claiming that his reasoning, based on what they call the "single (value-price) system" approach was flawless without the transformation of input values into prices'. The signature claim of these authors (also including F. Moseley and others, who differ much in the details – which Sekine ignores) is, according to Sekine, to take the constant and variable capital advanced by industries and

152 Marx 1981, p. 130.

153 Himmelweit and Mohun state that the significance and status of Marx's value theory 'are such that its apparent inconsistencies can be recreated as the expression of the real contradictions of capitalist society'. Himmelweit and Mohun 1981, p. 231. 'Hence Marx's transformation procedure is not, as it would be for Ricardo, an attempt to correct an unfortunate disjuncture between an embodied-labour theory of value and the requirements that the equalization of the rate of profit makes of prices. Rather, that disjuncture is recognized as the necessarily contradictory link between value, as the explanation of capitalist production relations, and its expression as exchange-value in prices. Hence it is not surprising that, when competition is accounted for, the one-to-one relationship of values to exchange-value disappears'. Himmelweit and Mohun 1981, p. 264. This interpretation is close to our view of the transformation problem as a problem of fetishism developed in Chapter 4.3. It must however be more clearly stressed that Marx's theory of value, while it explains the contradictions of capitalist production relations, is not itself contradictory. This is akin to Hegel's dialectic which at no point violates the laws of logic, but makes violations of the laws of logic its object. The confusion of the two has led some authors to believe that Hegel was 'illogical'.

firms as given and as already expressed in price, not value. It determines the output values and prices on the basis of whether each sector or firm receives the surplus value it has actually produced or only on the basis of the share of the aggregate social surplus value proportional to the total capital which it has advanced. Hence, they do not abandon Marx's two axioms of the equality of the sum of values to the sum of prices and that of the equality of the total sum of surplus values to the total sum of profits. Generally, Sekine agrees with this 'definitional stage-setting'. Viewing the 'micro-dynamic' of competition, Sekine argues, equilibrium is rather the exception than the rule: in intrasectoral competition, the equalisation of profit rates does not take place, so that equilibrium in this case must be 'limited to the sub-phase of "average activity" of business cycles'.[154] Intersectoral competition does only take place when the labour market (the availability of labour power) is in equilibrium and must be regulated by intrasectoral competition which by itself does not (except in 'average activity') equalise the profit rates. Interestingly, Sekine's departure from the 'non-equilibrium approach'[155] is motivated by a methodological differentiation:

> Since capitalism is most of the time out of equilibrium and does not always necessarily point towards it, why should one attach such a disproportionate emphasis to the idealist state of equilibrium? There seems to be a consensus in the negative on this point among the authors of the book. The dialectic of capital, however, is not am empiricist theory. Consequently, it takes a different view on this issue …[156]

However, the 'New Approach' or New Interpretation (NI), which we will look at more closely presently, is *not* an empiricist theory either, but precisely *criticises* the approach of establishing the correlation between embodied labour coefficients and production and market prices empirically, i.e. 'Ricardo's posi-

154 Sekine 2013 (1999), p. 209. Sekine argues that in the phase of depression (the 'deepening' phase), it is *intra*sectoral rather than *inter*sectoral competition that 'induces the adoption of new techniques. Thus, when the labour market is out of equilibrium in the depression phase of the business cycle, the market for commodities has not yet acquired firmly given technical parameters to operate by'. Ibid.

155 We use this umbrella term out of convenience for the different approaches associated with the rejection of the dual system approach (the New Interpretation, the (T)SSI, Moseley's macro-monetary approach), despite their internal differences, in opposition to the 'general equilibrium' approach.

156 Sekine 2013 (1999), p. 209.

tion', Foley associates with the work of A. Shaikh, P. Cockshott and A. Cottrell.[157] Rather, regarding method, the NI 'proposes a definitional ordering of the key abstractions of the labor theory of value'.[158] The NI therefore abstracts entirely from the question of quantity-correlation and focuses on the theoretical significance of the labour theory of value for explaining the value-price divergence.

For Sekine however, what is at stake is the 'status of the theory of value in non-equilibrium'.[159] For if, e.g., the value of a commodity 'or its production-price' is 5 hours of labour per unit, the market however only acknowledges 4.2 hours of labour, 'this contradicts the law of value; for 8 hours of surplus labour, actually performed, in the production of every unit of this commodity systematically fails to become surplus value'.[160] The only solution, as Sekine proposes, is to introduce a technical change, so that the commodity unit can be produced in 4.2 hours or less. But *what else than precisely the 'law of value'* has Sekine just described here? The fact that under conditions of (intrasectoral) competition, e.g. 0.8 hours of labour could be redundantly expended, so that capital needs to readjust the productive conditions for its most profitable valorisation, is not a 'contradiction' of the 'law of value', but its *exact expression*. If we view the law of value from Marx's standpoint, namely capital's incessant drive to optimise the exploitation and appropriation of unpaid labour for capital's maximum valorisation, the constant readjustment of productive conditions is but *one of its defining features*. Naturally, no individual capital can afford to let labour time go to waste through unfulfilled valorisation on the market. Two things must be noted in this regard: Sekine's misconception of the notion of 'socially necessary labour time' and the static interpretation of the 'law of value'.

First, it is the law of capital's maximum proportion of the aliquot share in the total aggregate surplus value produced, conditioned to the largest part by competition, that defines the 'socially necessary labour time' that in turn defines the magnitude of value of a commodity. The meaning of the term 'socially necessary', contrary to what Sekine believes, is completely unhinged from the 'optimal allocation of productive labour for the provision of the use-values that society needs and wants',[161] as the appropriate amount of labour time necessary to satisfy social demand. The meaning of 'socially necessary' is quite different: it is solely defined within the logic of capital's most profitable

157 See Foley 1997, p. 17.
158 Foley 1997, p. 19.
159 Sekine 2013 (1999), p. 209.
160 Sekine 2013 (1999), p. 212.
161 Sekine 2013 (1999), p. 196.

and optimal share in surplus value.[162] Needless to say, this must evade an approach that sees the aim of capitalist production in use value, not in value.

Second, Sekine only seems to acknowledge a *static* condition, with given inputs and no technical change. Any assumption acknowledging the *dynamic of capital*, i.e. capital's readjustment of productive techniques, etc., seems to fall out of the scope of this idiosyncratic and rigid definition of the law of value, for Sekine.

Yet, Sekine has a more fundamental concern, namely to disqualify the interpretation delivered by the New Approach or NI, and to disavow the usefulness of the labour theory of value for the explanation of the emergence of a general rate of profit and prices of production: 'It has not been clear what they (D. Foley and G. Duménil) and their followers wish to accomplish by means of the newly interpreted labour theory of value, since none of them have so far shown a significant result of its application (i.e. a significant thesis which cannot be advanced without depending on it), going beyond a trivial proof of Marx's infallibility'.[163] Sekine, in other words, has two objections to the NI: the alleged tautology of their line of argument, and the question of its use. In the following, we will, for reasons of space, give only a brief overview of Duncan Foley's conceptualisation of the term 'value of money' or the monetary expression of labour time, to show that Sekine's allegations are unfounded. Specific attention is given to the retention of Marx's axioms of the aggregate sum of surplus value being equal to the sum of profit, i.e. the correspondence of unpaid labour to profits.

5.2.3 *Duncan Foley's Concept of 'Value of Money' and MELT as the* modus operandi *of the Labour Theory of Value*

As said previously, Foley refers to the labour theory of value when he shows that, with the concept of the value of money (or the MELT which is the more practical mathematical inversion serving the same function), 'the proportionality of profit and unpaid labor time in the face of any deviations of prices from labour values', are 'retained'.[164] This is indeed the main desideratum of showing the coherence of Marx's value theory, if not economic analysis *in toto*. Foley's approach is therefore at least a valid contribution to the problem surrounding the 'transformation problem'. We will show that it is also a *minimalistic* and desirable approach, in which the emphasis on a *specific* set of axioms (or rather,

162 We would think that an approach that relies on the 'definition of capitalism by capital itself' would at least acknowledge a basic feature of its operation such as this.

163 Sekine 2013 (1999), p. 212.

164 Foley 1982, p. 37.

definitions) is methodologically put to use to solve the problem addressing the *total* operation of the real economy. The minimalistic redefinitions concern the value-price distinction, for which the labour theory of value can still be held accountable. It is therefore in its general outline close to the view of the labour theory of value held here, in that it can be regarded as the 'Turing bombe' or decoding machine to the fetishisms of the conventional categories of political economy (for Foley, the labour theory of value 'plays a role in political economy analogous to the role played by Newton's Laws in mechanics').[165] The question in this quantitative approach is of the operability of the labour theory of value as a *theoretical approach*, not whether certain determinations of magnitudes can be confirmed.

The novelty (hence 'new' approach or interpretation) of Foley et al. is the redefinition of the value of labour power. The value of labour power, Foley contends, is not in general equal to the labour value of workers' consumption. This is almost intuitively confirmed, because workers do not receive the 'value' of their labour power (a bundle of commodities measured in labour values produced during a certain part of the working day), but a *money wage* (i.e. the *price* of the labour power commodity), which are not necessarily the same. This holds also for any other commodity aside from labour power: 'Any particular commodity can be seen as embodying a certain fraction of the total abstract labor expended in producing commodities; it also exchanges for a certain amount of money (its price), which represents a possibly *different fraction* of the aggregate abstract social labour expended'.[166] The value of labour power is the mathematical product of the money wage multiplied by what he calls the 'value of money', a mathematical term of conversion which is defined as, in the special case of equivalence of labour values to prices, the ratio of the labour value of the commodity to its price. This definition, which is in line with Marx's own conceptual determinations, allows us to 'consistently … translate back and forth between labor time and money value'.[167] The presuppositions of this definition are rooted in Marx's determination of the convertibility of value and labour time. In Foley's words:

> … the labour theory of value [is] the claim that the money value of the whole mass of net production of commodities expresses the expenditure of the total social labor in a commodity-producing economy …[168]

165 Foley 1997, p. 23.
166 Foley 1982, p. 37. Emphasis added.
167 Foley 1982, p. 39.
168 Foley 1982, p. 37.

> This way of thinking of the labor theory of value requires us to think of a strict relation in a commodity-producing economy between the monetary unit (whether that unit is linked to a general equivalent money commodity or not) and abstract labor time. A unit of money, in this approach, can be thought of as a claim to a certain amount of the abstract social labor expended in the economy.[169]
>
> The expenditure of labor creates value, which is expressed in the price of the commodity. A quantity of money under these assumptions is the expression of a certain amount of labor time (for example, 1 hour of labor equals 10 dollars).[170]

These presuppositions within Marx's own conceptual framework allow Foley to give a set of definitions that conceptualises the 'value of money' as the coefficient of the labor value of the commodity to its price.[171] 'Its dimensions are hours of labor per dollar'. This also holds for the case in which prices are *not uniformly proportional to labour values*, and can thus be generalised: viewed in the total economy with aggregate products, the value of money expresses the ratio between the aggregate direct labour and the aggregate money value added to production (the price of the commodity minus the non-wage costs, i.e. means of production etc.), or the ratio of the aggregate direct labour to the net product (= added value). The monetary expression of labour (time), MEL or MELT, is the reverse: the ratio of the net domestic product at current prices to living productive labour (e.g. per annum).[172] Both the value of money and MELT are integrated to determine the value of labour power which is the *modus operandi* of the labour theory of value even in cases where prices diverge from labour values. The following presents an overview of the definition of the value of money in the case of (I) coincidence of labour values and prices, (II)

169 Foley 1982, p. 37.

170 Foley 1982, p. 39.

171 'If we want to hold to the idea that labor produces value, and that money is a form of value, the question of how much abstract simple labor a unit of money represents still makes sense'. Foley 1982, p. 41.

172 'We argued that the core content of Marx's labor theory of value was that the expenditure of living labor in production adds money value to the inputs of production … Thus we concluded that the appropriate definition of the monetary expression of labor was the ratio of the net domestic product at current prices to the living productive labor expended in an economy over a period of time'. Foley 1997, p. 18. Needless to say, the equality of value and price is *redefined* by limiting it to the newly produced or *added value* component of value and price of production. There is however no reason to assume this is not within Marx's framework.

divergence of labour values and prices, and the new formula for the value of labour power using (III) the definition of the value of money (= aggregate direct labour / aggregate value added) and (IV) the definition of MELT (= net domestic product at current prices / living productive labour).

(I) value of money = labour value of the commodity (hours of labour time expressed in a unit of money) / price
(II) value of money = aggregate direct labour / aggregate value added
(III) value of labour power = money wage × agg. direct labour / agg. value added
(IV) value of labour power = money wage / MEL(T)

The significance of this approach is the deviation from the 'classic' interpretation of the value of labour power in that the money wage multiplied by the value of money implies 'that the value of labour power is equal in magnitude to *the wage share in aggregate value added*'.[173] In other words, the value of labour power is *already transformed in terms of price expressing its exact value*, i.e. the 'fraction of the working day that is paid labour'.[174] With the introduction of the new determination of the 'value of labour power' by the conversion unit of the 'value of money' or MELT, a *minimalistic* approach to understanding the value-price divergence, Foley retains 'at a global level the relation between money and embodied labour which is central to the idea that money is a form of value and that the substance of value is abstract social labour'.[175] This approach is therefore strictly monetary, in line with Marx's analysis.

Second, it builds a logical correspondence between surplus value or profit and unpaid labour time.

Since the value of money is the ratio of aggregate direct labor time to aggregate value added,

> if we multiply it by the average level of money wages, we get the wage bill divided by value added, or the share of wages in aggregate value added, on the assumption that one hour of labor power sold yields one hour of actual labor time. An immediate corollary of these stipulations is that the aggregate profit in the system of capitalist production as a whole multiplied by the value of money is exactly equal to the unpaid labor time, in the sense of the time worked for which workers receive no equivalent in the wage. With these interpretations, the most central of Marx's claims

173 Foley 1982, p. 42.
174 Moseley 2016, p. 256.
175 Foley 1982, p. 41.

> about the 'transformation' of values into prices of production, that profit arises from unpaid labor time, is sustained …[176]

Third, and probably most importantly, Foley emphasises a specific sense of capitalist exploitation and class struggle which the struggle over the distribution of profit otherwise obscures. While class struggle, under capitalist relations of production, seems to be 'a struggle over what part of the net product will go to workers and will constitute the social surplus', this should not at all be viewed as the impetus, for its logical end would only be the disappearance of the surplus product altogether, and a standstill to social development. He therefore pleads for a different approach to the significance of class struggle, namely that 'we keep clearly in mind the specific form the surplus takes in capitalist society, a surplus *value* appropriated by a particular class' whose consequence is not the elimination (or different distribution) of the surplus product, but 'to transform the social relations that make the social surplus take the form of surplus value'.[177] This is indeed a 'more historical conception of class struggle than the notion of a purely distributional conflict',[178] fulfilling the condition of Marx's discernment of the central problem of capitalist relations of production, namely that the form that social labour necessarily assumes are the *fetish-characteristic forms of value*.

None of the three features of the NI and other approaches in the 'non-equilibrium' or 'single system' spectrum, namely that it is *monetary*, that it retains the *equivalence of unpaid labour and profit*, and that it specifies the *meaning of historical class struggle on the basis of the meaning of value* – positions that we have shown are *crucial* to Marx's economic analysis – is addressed in Sekine's 'dialectical' approach. Contrary to what Sekine believes, they are also neither tautological, nor useless. To the contrary: with a *precise grasp* of the significance and explanatory power of the labour theory of value, the 'riddles' of the 'transformation problem' can be solved.[179] At *no point* is there a question

176 Foley 1982, p. 42.

177 Foley 1982, p. 43.

178 Foley 1982, p. 43.

179 Needless to say, the NI is also criticised by eminent Marxist economists. Of these, probably the criticisms by F. Moseley (Moseley 2016, pp. 253–64), M. Heinrich (Heinrich 1999, pp. 276–7), and A. Rodriguez-Herrera (Rodriguez-Herrera 1996) are the most to the point. See also Makoto Itoh's critique (Itoh 2005). While Moseley agrees with the general contentions of the macro-monetary approach of the NI, he thinks the NI 'only goes halfway' (Moseley 2016, p. 253) in transforming the inputs of the value of labour-power, but forgetting constant capital, thereby 1) remaining in the framework of the neo-Ricardian input-output matrix of physical quantities, and 2) failing to establish 'the logical connection' to

begging involved, unlike Sekine's own view of social cost explaining value and value explaining social costs. But this would precisely require an understanding grounded in the problematic direct relation between living and value-adding labour in the production process and value (and its monetary forms) that is denied in the Sekine approach, as well as in that of his mentor, Uno Kōzō. Instead, Uno views the forms of value, such as the commodity, money and capital, as if they were detached from production, and instead locates them in exchange, treated as the primary form of the social metabolism which then (when?) 'absorbs' the production process. This is tantamount to misconceiving the direct interrelation of labour and value that gives rise to this particular historical social nexus without which capitalist relations of production cannot be adequately addressed. Indeed,

> [o]ne of the virtues of the New Interpretation is that it firmly links the value of the net product at market prices to the expenditure of living labour and profit to unpaid labour time. It is true that the New Interpretation identifies the phenomenal forms of price to the categories of the labour theory of value, but it is hard to see why this turns the relation on its head. The New Interpretation locates the course of new value in the expenditure of living labour in production, not in market exchange, the relation Marx insists on.[180]

Sekine's objections to the tautological character of the NI and its 'uselessness' for explaining a very specific set of assumptions involving equilibrium production cannot be maintained.

But on what grounds does Sekine think the identitarian, i.e. non-contradictory 'dialectic of capital', helps to grasp the nature of capital better than the framework Marx develops throughout *Capital*? It seems that the 'self-

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a theory of individual price and the level of the rate of profit (the macro-micro connection). In his view, NI is therefore limited to stating the equivalence between total surplus value and unpaid labour which Moseley, however, agrees is the 'main conclusion of Marx's theory' (Moseley 2016, p. 255). Heinrich however doubts that the NI is monetary at all. The 'value of money', he states, is merely a 'factor of conversion' for the *re*distribution of the surplus (Heinrich 1999, p. 277). The notion of the 'redistribution' of surplus value in the 'transformation' process is also criticised in Himmelweit and Mohun: 'Surplus-value is not *redistributed* between capitals so as to equalize the rate of profit, because there is no state *from* which this redistribution occurs'. Himmelweit and Mohun 1981, p. 240. None of these however argue from a 'general equilibrium' theory of value standpoint.

180 Foley 1997, p. 22.

sustenance' of capital is given a greater emphasis than the contradiction within capital's logic of self-valorisation. Yet, this self-sustenance is neither logically, nor empirically verified. For this reason, it seems, Sekine draws on the sterility of equilibrium models close to the Walras' law (which he explicitly refers to).[181] Methodologically, the *incantation* of an ominous 'dialectic' or 'logic' of capital which is never explicitly spelled out forms a crude opposition to the *actual presentation* of the proof of equilibrium which is suddenly and without mediation (hence poorly Hegelian) deferred to formulas of output levels, means of production and labour times in *linear* schemas.[182] Sekine's approach therefore lacks a coherent method that redeems its own claims. Instead, the separation between assertion and reality, or the semantic and the pragmatic, is indeed unbridgeable and makes for a logically poor and conceptually dissatisfactory interpretation that shares with the Marxian template it claims to engage with nothing but the invocation of Marx's name. There may however exist a more general problem than merely the reconciliation of Sekine's general equilibrium view of the pre-established harmony of social production and demand for use values with the Marxian framework. We hold that the more general problem of the unfolding of Sekine's proposition seems to be the unawareness with which he uses concepts such as 'value' and 'capital', 'fetishism', 'price' and 'money'. Not once does Sekine provide a systematic definition of these concepts, not once does he mobilise their *semantic* dimension in their nexus, i.e., relation to one another, and not once do we hear in what way they are significant for Marx's critique (or not). They remain utterly external to the analysis. Their sematic dimension and pragmatic use are unrelated. For a self-proclaimed 'Hegelian' approach to the concept of capital, this is quite a striking deficit.

Now let us see how another allegedly Hegelian legacy is further put to use in understanding Uno's interpretation of Marx's analysis in the work of Robert Albritton.

181 Sekine 2013 (1999), pp. 191, 197, 200. Interestingly, Foley indirectly criticises Sekine's approach by targeting John Roemer's criticism of the identification of social labour time with money. Foley: 'Roemer's failure to find much resonance in the New Interpretation may also be connected with his commitment to the Walrasian model of market equilibrium as a vehicle for the analysis of commodity relations. The Walrasian approach is in striking contrast to Marx's in its inability to integrate money, which is precisely the point on which the New Interpretation definitions rest'. Foley 1997, p. 24.

182 Sekine 2013 (1999), pp. 200–2.

5.2.4 *Use Value as Central Category in Stage Theory: Robert Albritton's Contribution*

A strange externality of the analytical framework invoked and the object of investigation – the capitalist mode of production – also informs Robert Albritton's work. This is all the more baffling, since Albritton insists on the *coherence* and *inner structural logic* of the method he applies and its object. Like Uno and Sekine, in understanding the capitalist relations of production as primarily use value-mediated, 'self-sufficient', and 'self-regulating', Albritton's analysis is also inflicted with the apologetic character of the interpretation of capital that we have found in both Uno and Sekine.

In the following, we will show how 1) Albritton's theory, in accordance with what we have seen in Sekine and also in Uno, assumes the form of an *apologetic* towards capital which is thoroughly disinterested in the fundamentally contradictory character of the law of value and its implementation, and 2) Albritton's conceptualisation of method and object assumes a truistic, if not outright tautological character, that fails to deliver precisely the inner nexus it claims to provide. Both aspects, as we will show, are related.

More profoundly than Sekine and Uno himself, Albritton's research focuses on the concrete implementation of the 'levels-of-analysis' approach (*sandankairon*) which, as we have seen in Chapter 2, Uno has sketched in the *Methodology* and, in broader terms, in the *Principles*, the latter of which Albritton orients himself toward. To recapitulate, in *sandankairon*, which Uno conceptualises as the 'correct method' of political economy, a first level of analysis, pure theory or the theory of principles (genriron) 'establishes the foundation of political economy'[183] by making a 'pure capitalist society' its object of analysis. More specifically, for Albritton, it addresses a hypothetical society in which all use values are ideally subsumed by value and the capital-labour relation. It is therefore an 'ideal' capitalist society from which all empirical and historical 'impurities' are eliminated, both on the level of presentation and analysis. From this follows, for Albritton, that this level of abstraction has no real historical equivalent (we have seen that Uno's view is more ambiguous). The second level, *dankairon*, addresses the stages of capitalist development in their rough succession of economic models and forms of capital as they appear in history: mercantilism based on merchant capital, liberalism based on industrial capital, and imperialism based on finance capital. The third and final level, *genjō bunseki*, addresses the 'analysis of actual phenomena' in Uno's dictum, or 'the

183 Albritton 1986, p. 73.

historical analysis' of capitalism in concrete terms (no longer tied to rough economic schemas) in Albritton's view.

It must be noted that Albritton is only familiar with Uno's *Principles* in translation, so that his interpretation and understanding of *sandankairon* is mainly informed by this work and Sekine, who was Albritton's close associate at the University of York since the 1970s. In the following, we shall concentrate on Albritton's voluminous monograph *A Japanese Reconstruction of Marxist Theory* (1986) that gives the most inclusive outline of his Sekine-informed interpretation of what he calls 'Stage Theory'.

The main contention is that pure theory, while it is the most holistic and general analysis of the law of value and the workings of capital in a 'pure' capitalist society, cannot account for the 'historical impurities' that capitalism in its real historical development has shown to possess: 'The distance between the inner logic of capitalism and its historical development is great. To apply the law of value directly to history would therefore produce an economistic and reductionist history'.[184] Yet, we never hear why this is the case. After all, Marx's project in *Capital* was to show how the law of value prevails *precisely in a historically real economy* – see his elaborations in 'The Working Day'. The methodological objection and resentment against demonstrating the intrinsically devastating effects of the law of value, or rather surplus value, in a *real historical situation*, which was Marx's incentive for many of his illustrations in *Capital*, bears a significant symptom of the inherently apologetic character of Albritton's contribution, as we will see.

For Albritton, the 'gap' between theory and history 'must be addressed by developing mediations'.[185] Stage theory, according to him, is successful in doing so. The object of the second level of analysis, *dankairon*, is no longer the most abstract capital vs. worker-relation in which 'ideal use values' are produced – i.e. use values which ideally constitute the wage basket needed for the reproduction of the working class: 'A use-value such as a shirt fits these requirements perfectly and hence may be considered an "ideal" use value'.[186] In the concrete analysis of historical stages of capitalism, which is the topic of stage theory, on the other hand, not all use values produced are 'so capitalistically manageable'.[187] His example here is grapes and other agricultural produce whose successful production depends on a number of varying factors, such as the fertility of the soil, the weather, etc., and which require a shorter (though Albritton

184 Albritton 1986, p. 73.
185 Albritton 1986, p. 73.
186 Albritton 1986, p. 74.
187 Albritton 1986, p. 74.

does not use that term) turnover time. Why grapes should not present an 'ideal use value', however, is never explained. In times when mass fertilisation and turnover times are integral factors of the standardisation and automatisation of agricultural production, grapes are as easily produced as T-shirts.[188] It is also difficult to comprehend why 'grapes' should not belong in the workers' 'wage basket'.

The problematic of deciding which use values are produced as 'ideal' (corresponding to pure theory) and which are 'less capitalistically manageable' (corresponding to stage theory and the historical analysis of capitalism), however, permeates the discussion of the legitimisation of levels-of-analysis-approach in Albritton. For him, 'if the motion of value has difficulty subsuming agriculture at a historical level, it also has difficulty subsuming other types of use-value production'.[189] His examples are fine art, spaceships, battleships and thermonuclear weapons. Indeed, these use values (with the exception, under very exceptional conditions, of fine art) usually do not constitute the worker's wage basket. But what does that prove? Are thermonuclear weapons 'less capitalistically manageable' in the sense that grapes are 'less capitalistically manageable'? Hardly. But we are left in the dark as to what exactly the criterion of difference between grapes, battleships, and a Van Gogh painting is in their common denominator of being 'capitalistically less manageable'. How exactly in these instances use value production is not subsumed by value is never addressed. It would require the demonstration that battleships are not sold for money, and therefore not part of the valorisation nexus of capital (which should however prove to be difficult), a requirement not met by Albritton.

Nevertheless, Albritton insists that stage theory comes in where pure theory fails in conceptualising the real character of use value production, which is not exhausted in 'ideal' or 'capitalistically manageable use values' alone. The argument of the 'passive use value-restraint' has also been substantial for Uno, as shown in Chapter 4. As much as it is decisive for recapitulating capital's

188 On the standardisation and automatisation of agricultural production, see Becker 2017, pp. 195–201. This is a process that has been actively implemented in the West (but not only) since the agricultural industrialisation or the 'Green Revolution' in the 1960s, and could have been known to Albritton. Becker also points out that as early as the nineteenth century, especially in slavery-based cotton farming in the US South, standardisation methods were employed: 'Slavery formed the vantage point for the global valorisation chains of the textile industry. Between 1800 and 1860, the harvest per slave quadrupled after some new species [of cotton] were cultivated which were easier to pick'. Becker 2017, p. 197. This also shows that the implementation of capitalist relations is unlikely without a simultaneous implementation of technological means to increase productivity.

189 Albritton 1986, p. 75.

alleged 'partial grasp on historical reality'[190] (capital can never subsume all and every use value), it is lacking persuasive power. The examples of thermonuclear weapons, grapes and spaceships not adhering to the 'law of value' are absurd. Why art must be exempted from the value-nexus, however, is very persuasively argued in Dave Beech's work.[191] But Albritton fails to make this case explicit, because he *nowhere defines an exhaustive criterion for his much-invoked 'law of value'*: it is not 'the use-values which constitute the wage basket', but in that value is measured in socially necessary abstract labour time that defines the law of value and which allows us to *meaningfully speak about the production of value* in the first place[192] (from which follow the equalisation of profit rates and the distribution of surplus value, etc.). It would indeed have to be shown that grapes and weapons are not produced as the products of capital, involving the employment of productive capital, c + v, the equalisation of profit rates (i.e. their production measured in socially necessary labour time), and the realisation of surplus value in the circulation process with their transformation into money, in order to prove that, here, use value 'overwhelms value'.[193] To say that products of capital are not produced capitalistically, is not only logically contradictory. It is absurd.

Yet, it is precisely capital's alleged 'failure' to subsume the production of all use values that motivates Albritton to come up with a description of the role of capital in the future world historical development:

> Capitalism is a historically limited mode of production because the law of value can only subsume a limited range of use-value production … That the motion of value has only limited success in taming use-values explains the limited grasp that capitalism has on history (i.e. historical capitalism never becomes pure). That value can successfully manage only a limited range of use-values explains the limited duration of capital's passage on this planet (i.e. capitalism only holds sway over a limited period of history).[194]

Indeed, of all the conventional reasons usually provided for why capitalism is going to die a natural death (see the debate on the LTRPF we referred to in

190 Albritton 1986, p. 76.
191 Beech 2015.
192 'If the labour-time of the worker is to create value in production to its duration, it must be *socially necessary labour-time*.' Marx 1976, p. 987.
193 Albritton 1986, p. 76.
194 Albritton 1986, pp. 76–7.

Chapter 4.4.), saying that it fails 'in taming use-value', is probably the most counterfactual one. As though to emphasise that point however, Albritton insists that the time for class struggles is over:

> Starting with the stage of imperialism, there is no longer a historical tendency towards two homogeneous and polarized classes (of course there may be conjunctural tendencies towards polarization). Class struggle is increasingly overlaid with national struggles and struggles of particular strata and fractions within classes or even intermediate strata between classes. In fact the strong state required by the imperialist stage with its welfare state policies is the beginning of the modern service sector with its intermediate strata that have fuelled so much controversy within Marxist discourse on class.[195]

Because class struggles have become obsolete in the face of national struggles and the establishment of the 'welfare state' – we shall point out that this assessment is not a *critique*, but Albritton's neutral observation 'proving' the obsolescence of class struggle – we can basically only wait and see how capital, unable to 'manage all use-values' it has itself produced, simply withers away. Moreover, in this text from 1986, Albritton has good faith in the establishment of the socialist project via the 'transition away from capitalism' introduced by 'the first successful socialist revolution in 1917':

> Referring to the period from 1917 to the present as a transitional phase does not mean that exploitation or the production for profit cease, but only that the structural dynamics of economic life can less and less be understood by the law of value … It is necessary to understand both that the law of value has failed and why it has done so in order to understand the stratified economies that have developed. It is necessary to see that this is a transitional stage in which increasingly the world is becoming socialist, albeit at first with often rather primitive forms of socialism.[196]

Albritton's assessment of the 'failure' of the law of value has only been disproven a few years after these lines were written. The world has never been as capitalist to date as the world only a few years after Albritton's statement, and in its history it has never been as 'capitalist' as it is now.[197] For Albrit-

195 Albritton 1986, p. 75.
196 Albritton 1986, p. 86.
197 It is of no small irony that one of the incentives of stage theory both for Uno and Albritton

ton in general, however, 'the law of value increasingly does not apply and that therefore the world must be understood primarily in terms of socioeconomic forces and power relations and not in terms of value theory'.[198] The implication of this kind of postmodern jargon is a pervasive reluctance to grapple with the *contradiction* that the law of value presents insofar as it is fully *realised*: it is precisely because the production of relative surplus value is *fully operative* that capital reaches its contradictory and crisis-ridden limits. In other words, it is not use value as 'external' or a 'passive constraint' to value that capital fails – and Albritton never specifies the exact character of capital's 'historical limit' – but capital's *thorough absorption of the 'use-value space'* that expresses itself precisely in the contradiction between the conditions of the *production* of surplus value and the conditions of its *realisation*, which is the significant, encompassing contradiction of the capitalist mode of production grounded in the 'law of value'.[199] Because the capitalist mode of production is not, and never was, 'aimed at (producing) use values', as Marx says in the *Grundrisse*, but subsumed the rationale of production under the auspices of value and surplus value (the latter which is bizarrely out of the scope of Albritton's theorisation of capital's 'limits'), that it cannot contain itself. As we have seen in Chapter 4, the result is an increasing exacerbation of *crisis* – and not just a business cycle of 'alternating widening and deepening phases of accumulation',[200] as Albritton states in accordance with Uno. It is the *systemic devaluation and substitution of the source of value and surplus value*, the value-producing use value of labour power, that leads to an equally *systemic devaluation* of the mass of surplus value

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was Marx's inability to correctly assess the future of capitalist development in its increasing 'impurity'. Even in the follow-up work *A Japanese Approach to Stages of Capitalist Development*, published in the year of the end of the Soviet Union and a year after the fall of the Soviet bloc (1991), Albritton was little inclined to modify his theory of the increasing use value dominance over value. Counterfactually, he merely supplements yet another stage, that of 'consumerism', as though precisely 'consumerism' – were it not inflicted with the one-sidedness of the use value perspective alone – would show that the reign of value had taken full control of society. See Albritton 1991. pp. 225 ff.

198 Albritton 1986, p. 79. Had Albritton not attempted a critique of postmodernism in an article critically directed against Baudrillard – see Albritton 1995 – ('Theorizing the Realm of Consumption in Marxian Political Economy', in: *A Japanese Approach to Political Economy*, ed. Sekine and Albritton), one could have almost suspected him a promoter of the very same ideology.

199 In *Capital* Volume II, Marx points to two contradictions: first, the contradiction between the importance of 'workers as buyers of commodities' and the restriction of workers as sellers of their commodity, labour power – the source of value-creation – to their 'minimum price'. Second, the contradiction between the conditions of the production of surplus value and the conditions of its realisation. Marx 1978, p. 391.

200 Albritton 1986, p. 91.

produced, which in turn makes it impossible for capital to *realise* increasingly higher profits, and fulfil its only *raison d'être*, namely optimised profitability. It is precisely the historical trajectory of the so-called 'digital revolution' which so blatantly demonstrates not capital's 'versatility' and 'agility' in dealing with the obstacles of valorisation, but to the contrary, capital's *inability* and *ineptitude* in realising the foundation it is built on: the 'limitless approximation to abstract wealth' in the realisation of increasingly higher amounts of moneyed surplus value.[201] Capital's 'other', to remain in the postmodern jargon, is not use value: it is the *mode of its own operation*. It is inherently contradictory.

The fact that Albritton nowhere thematises the striking contradiction between the conditions of the *production* of surplus value (competition-induced cost saving techniques, 'investing in little value') and the conditions of their *realisation* (maximum share in profits, 'expecting huge gains in value'), is a misrecognition not only of the often-invoked topos of the 'dialectic of capital' – which would at least indicate that the contradictory character of capital were recognised – but barely conceals the disinterestedness of the Uno School in *critically* engaging with their object, the capitalist mode of production. Instead, we hear that capitalism cannot lack 'internal integrity'. In his critical discussion of classic theories of imperialism, Albritton objects to Rosa Luxemburg's idea that capital bears an intrinsically 'parasitic' character. Instead, for Albritton,

> [if] capitalism is basically parasitic, as Luxemburg claims, then it cannot be rigorously theorized as a mode of production that has internal integrity.[202]

Because capital rests on a fundamentally contradictory mode of production that completely evades the analysis of the Uno School, they fail to see that, indeed, capital has no 'internal integrity'. However, not only is there a baffling

201 Stock market shares of the digital economy are therefore the most volatile, in comparison to the Dow Jones, Nasdaq and Dax. www.plattform-index.com. As it were, platform economies surge (gargantuan sums to lure venture capital are not usual in the self-presentation of start-ups, see AirBnB) and equally fall sharply, as in August 2018, including the world's highest capitalised firms (e.g. Alphabet (Google, Calico, Jigsaw, etc.)). Uber, even prior to their IPO, has already announced major losses of over 1.1. billion US dollars. See https://www.bloomberg.com/news/articles/2018-11-14/uber-revenue-slows-as-quarterly-loss-surges-to-1-1-billion; https://ftalphaville.ft.com/2017/08/23/2192709/a-question-about-ubers-fake-valuation/; https://ftalphaville.ft.com/2016/09/13/2173631/mythbusting-ubers-valuation/. I'd like to thank Simon Joyce (Leeds) for these data. On the problem of 'High Tech, Low Growth', see also Kim Moody (2019).

202 Albritton 1986, p. 103.

denial of the *principally* contradictory and destructive character of capital's mode of operation, but by invoking an *ethical* category – 'integrity' – Albritton also suggests that capital were, indeed, a viable and ethically defensible economic model – or at least, he at no point gives the impression that it is not. This is further accentuated in his view, against Arghiri Emmanuel,[203] that

> [in] a purely capitalist society all exchange is equal exchange. To the extent that a society is capitalist, systematic unequal exchange cannot take place.[204]

Probably even more than Uno and Sekine, whose equilibrium approach to reproduction is all-pervasive, Albritton makes the case for the neoclassical assumption of 'equal exchange' which informs his apologetic interpretation of the capitalist mode of production. This wilful blindness against the *very definition* of what allows someone to speak of a mode of production as *being capitalist at all* – namely through the unequal exchange of capital and labour which is fetishised (but only *fetishised*!) as that of 'equal exchange' – is quite astonishing.

This apologetic is also reflected in the conceptualisation of stage theory as an 'externalization of pure theory' that disengages from the actual implementation and operation of the law of value in real history and thereby absolutises its workings and effects on humans existing in capitalist actuality.

5.2.5 *Stage Theory as Tautology and the Apologetic of Capital*

The transition from the logically contradictory diagnosis of capital as unable to manage all capitalistically produced use values, to the concrete implementation of stage theory, is even more incomprehensible and inflicted with logical inconsistencies. One of them is the *non sequitur*-exposition of stage theory that does not follow from the premises Albritton has previously unfolded. The other is the tautological characterisation of the objectives of stage theory. We shall turn to these now, in this order.

For Albritton, the stages of capitalist development correspond to particular modes of the *accumulation of capital*: while 'in pure capitalism, society is governed by a self-regulating market' – the foremost apologetic topos of the Uno School – in history, on the other hand,

203 See Arghiri Emmanuel 1972.
204 Albritton 1986, p. 108.

> capital always develops within and between territorial states, and the development of capital and of the nation-state are up to a point mutually supporting. Also capital develops very unevenly when viewed spatially on a global scale. So in constructing stage theory we look for the form or forms of use-value production that most characterize the stage … Thus at the level of stage theory, we look for the dominant form of capitalist accumulation, we look for its geographical location and we look for the types of ideology and state policy that support it.[205]

These forms of accumulation in the historical development of capitalism correspond to merchant capital with the state policy of mercantilism, to industrial capital with the state policy of *laissez faire*, free market-liberalism, and to finance-capital with the state policy of imperialism, ultimately adding the 'transition away from capitalism' with socialist planned production as the last stage. To these economic models correspond *different kinds of dominating use value production*: 'Wool production is the type of use-value production that is most characteristic of the activities of merchant-capital in so far as it directly lays the foundations for the development of capitalism'.[206] In the liberal stage, 'which is closest to pure theory … the sort of light manufacturing represented by cotton manufacturing is closest to the ideal use-values assumed by pure theory'.[207] In imperialism, 'the most characteristic type of use-value production … became iron and steel'.[208]

The explanatory power of the determination of forms of capital accumulation on the basis of the production of particular dominating forms of use value is evident.[209] As is well known, in his analysis of primitive or original accumulation, Marx demonstrates the emergence of the capital relation on the basis of fourteenth- and fifteenth-century wool production in the English countryside.

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205 Albritton 1986, p. 79.

206 Albritton 1986, p. 81.

207 Albritton 1986, p. 83.

208 Albritton 1986, p. 84.

209 'The economies of scale associated with large fixed capital investments in steel production required the long-term mobilisation of large amounts of capital and credit. The development of the limited-liability joint-stock company accompanied by the development of the banking system facilitated the rapid centralisation of capital in the late nineteenth century. Large banks became very interested in the operations of heavy industry since the banks committed large amounts of credit to the fixed capital investments of heavy industry. The resulting merging of industrial-capital and banking-capital is referred to as "finance-capital"'. Albritton 1986, p. 84.

In other words, this is not where Albritton's argument lacks a rational explanatory basis. But the question is how it is related to the aforementioned thesis that *capital is increasingly unable to manage and 'tame' the realm of use values*. If anything, Albritton here precisely gives a coherent argument for the *opposite view*, namely that in each and every stage of capitalist accumulation, use value is subsumed by capital as one of its forms of structuring production for the maximum share in profits. This is why particular use values such as wool have become dominant in the stage of mercantilism, cotton in the stage of liberalism, steel and iron in the stage of imperialism: because they respectively allowed capital to extract unpaid surplus labour from the production process in the most *developed*, *dynamic*, and *effective* way. In each case, production was organised in a way that best conformed to the development of the forces of production. It is therefore a mystery how the thesis should hold that capitalism 'loses its grip' on use value production, and use values present an 'obstacle' to valorisation. To the contrary, Albritton precisely demonstrates the valorisation postulate of capital by highlighting the dominant forms of particular use value production *facilitating capital's firmer grip on the production and valorisation process*. It is the process of the development of the forces of production in which *capital increasingly operates independently of the given structures and use values* and itself dynamically transforms the process to adhere to its own conditions of existence, the valorisation postulate – in other words, the process of real subsumption in the production of relative surplus value. The specific use values are therefore by no means gaining an increasing independence from the reign of capital. To the contrary: they are capital's *means* in securing its global procession. The argument does not follow from the aforementioned thesis on the status of pure theory: it is a *non-sequitur*.

At the same time, the usefulness of stage theory in explaining how history becomes 'detached' from theory becomes even more unpersuasive.

To be sure, if the 'three levels of analysis'-approach should hold any explanatory power at all and be distinguishable from a positivistic model or 'schema' whose criteria remain external and arbitrary (which Albritton clearly aims at), their inner relation of the three must be self-reflexively elucidated. This is why Albritton calls for 'intermediary steps'. Unlike Uno, who wrongly believes the model is self-explanatory in delivering the inner nexus, Albritton's attempt starts from the dubious premise that 'pure theory' is only an abstract model that has no bearings on 'real history' at all:

> Knowledge of the inner logic of capital achieved at the level of pure theory helps to interpret the historical material in constructing a stage theory,

> but stage theory is in no sense a deduction from pure theory. Rather, stage theory represents an externalization of pure theory, such that the use-value obstacles become more concrete and historical as do the motions of value in overcoming these obstacles.[210]

Stage theory is a distinct level of analysis arrived at neither by a deduction from pure theory nor by an abstraction from history. The concepts of stage theory are essentially abstract 'material-types' arrived at by using pure theory and history to help determine the main structures and processes of the dominant mode of capital accumulation in that historical stage. Stage theory is essentially static since it aims to grasp the dominant type of capital accumulation and not actual historical change and development.[211]

That the two levels somehow must be 'mediated' ('concepts of stage theory are arrived at by using pure theory'), but remain 'external' to each other, certainly presents the biggest obstacle to their explanatory potential. The meaning of 'externalisation' of stage theory as a benchmark of the differentiation against 'pure theory' is nowhere explained; yet it would be precisely the definition of criteria that allow for pure theory's implementation on the level of stages, and those cases in which this is impossible, and as well as a coherent argument for the criteria of this difference, that would give significance to the pure theory-stage theory nexus – and their difference. At no point however do we hear about meaningful criteria of either their nexus or their difference. That the realm of use value should historically evade the grip of pure theory has been shown to owe to a faulty and self-contradictory assumption. The usefulness of pure theory, however, stands and falls with the demonstration of its actual applicability to the capitalist mode of production. Because Albritton cannot establish the necessary relation between pure theory and its explanatory power, pure theory stands at a hypothetical model with no bearings or effect for the theorisation of the capital relation.

That, however, is not all. In close relation to this problem, there is a further obstacle that directly concerns the apologetic character of Albritton's, as well as the wider Uno School's, approach. How do we arrive at history/the real/the actual implementation of history if we cannot show that the law of value is *real*? Like in Uno, we can witness a lack of insight into the epistemological status of value in Albritton. Uno and his school defer the analysis of 'pure capitalism' to 'pure theory', where the law of value prevails and has a 'full

210 Albritton 1986, pp. 79–80.
211 Albritton 1986, p. 78.

grip' on the mode of production and reproduction.[212] This 'full grip' however is mitigated by actual historical production where 'use values are not so capitalistically manageable'. However, like Uno, Albritton does not fully grasp the idea of real abstraction, the fact that value is *both an objective as well as an immaterial* structuring phenomenon; it is both merely 'social', as well as a 'real' category. It is *not* a mere 'illusion', a 'construction in thought', a 'tacit premise', or an 'abstraction' without objective validity.[213] One must here remember Marx's well-known statement from Volume II of *Capital*: 'Those who consider the autonomization [Verselbständigung] of value as a mere abstraction forget that the movement of industrial capital is *this abstraction in action*'.[214]

Marx's incentive, as written in the famous letter to Kugelmann, is to demonstrate 'how the law of value prevails' in societies where the mode of production is organised capitalistically. This is why the illustration of the real living conditions of the working class cannot be abstracted from in the presentation of value's domination: it is *one and the same* context that delivers critical information as to the effects of the real implementation of the law of value. Setting apart 'pure theory', where supply always corresponds to demand, workers can seamlessly reproduce, and capital produces a great many use values 'needed by society' – a theory that, in fact, has little to do with the capitalist mode of production – from a theory of stages and the 'historical analysis', neither of which thematise the devastating effects of capital accumulation on humans and nature, is therefore probably the single most capital-apologetic assumption we find in academic Marxism as a whole. It is detached from the object of Marx's critique.

Moreover, as we have seen, because value prevails as the structuring underlying mode or essence in which social reproduction is organised, it appears in *fetishistic forms* of e.g., use value-mediated or 'self-regulating' market mechanisms which can be traced back all the way to the 'three particularities' of the 'equivalent form of value', which has been so fatally ignored by Uno. That the *fetishistic* dimension of value's *appearance* should be taken *as a fact* by the Uno School – that the appearance should be taken as essence – is the key problem of this particular line in the reception of Marx. It is however a problem that Marx has

212 The problems in Uno's understanding of the law of value have been analysed in Chapters 2, 3 and 4.

213 As unfortunately some proponents of the Neue Marx-Lektüre, e.g. Helmut Reichelt, also seem to believe. For a critique, see Elbe 2018, and my commentary in Lange 2021 (forthcoming).

214 Marx 1978, p. 185. Emphasis added. The original reads: 'diese Abstraktion *in actu*'. Marx 1963, p. 109.

already detected in the elaborations of vulgar economy, predominantly Bailey and Say, which we have referred to as the 'original sin' of political economy.

In sum, grasping the critical function of Marx's method is tantamount to understanding that the 'theory of pure capitalism' is *unnecessary*, because the law of value always-already operates within the framework of *impurity*, namely the fetishistic appearances it delivers. It is also *unfeasible*, because the inner coherence of the whole structure, the *sandankairon*, cannot be maintained unless we presuppose the standpoint of totality from which the 'instances' or the 'levels' of analysis can be meaningfully abstracted from. What is lacking is a coherent superordinate conceptual heuristic which explains the formation of stages which they are instances of. *Sandankairon* does not provide a coherent angle which would explain the formation of stages and inform the history of the 'concrete phenomena': in other words, it leaves method and object external to each other. In Marx, we argue, the demonstration of 'how the law of value prevails' precisely *relates the 'law' to its actual operation, the labour theory of value functioning as the precise nexus between method and object*. In Albritton's version of stage theory, the three levels remain external to each other, as well as to a common grounding nexus that would offer a coherent conceptual bond. As it stands, stages theory can only remain on the terrain of logical inconsistencies with regard to itself, as a truistic and tautological assurance that 'the distance between the inner logic of capitalism and its historical development is great'. The truistic character of its assertions – that 'pure capitalist society is global, but in history capital always develops within and between territorial states'[215] do not deliver any conceptual insight from which a meaningful critique can be arrived at, and which is the biggest obstacle to a meaningful conceptualisation of capital, even in a concrete global, and historical context.

5.3 The Meaning of Real Subsumption or the Real Subsumption of Meaning: Aspects of Anglophone Uno School Historiographies

The relation between theory and history that forms the incentive for Albritton's interpretation of stage theory also forms the specific interest of historiographic approaches in the Uno School, exemplified in the following in aspects of Harry Harootunian's and Gavin Walker's works.

Unlike Albritton, their impetus is motivated by both overcoming the tautological argument of pure theory concerning a 'purely capitalist society', and stage theory concerning the 'historical formations' of capitalism. At first at

215 Albritton (1986), p. 79.

least it seems as though Harootunian and Walker in their respective works are more interested in fundamentally *relating* these seemingly disparate theoretical objects. However, their success also depends on a thorough conceptualisation of that relation as one mediated by capital itself. Operating with the truistic concept of 'uneven development' (or 'different trajectories' in Harootunian's dictum) in global capitalist societies, the capital relation and the laws which govern them, however, as in the Anglophone Uno School approach, remain external to their analysis. This is especially clear in Harootunian's both theoretically and empirically counterfactual and theoretically (and politically) questionable preference for the concept of formal subsumption over real subsumption as an explanandum for the global rise of capital.

What is to be *gained* for the understanding and, more importantly, *for the critique* of the capital relation if we acknowledge so-called uneven development and the 'different trajectories' that e.g. Western Europe and Japan have taken in the generation of their respective histories? The main intervention of Harry Harootunian's *Marx after Marx* consists in delegitimising 'Western Marxism's'[216] alleged claim to the 'completion of the commodity relation' which 'trumpet(s)' the 'triumph of capitalism', expressed in the conceptual framework of 'real subsumption'. The book instead argues for a recognition of 'the very unevenness lived by all societies, both the putatively advanced and the backward, as a condition of fulfilling capital's law of accumulation',[217] expressed in Marx's concept of 'formal subsumption'. The simple heuristic of disavowing Marx's concept of real subsumption and substituting it with that of formal subsumption in order to avoid Western Marxism's alleged one-sidedness and its 'abandonment of a meticulous historical materialism founded on a close

216 With the term 'Western Marxism' – introduced by Merleau-Ponty and subsequently used by the Soviets to separate party line Marxism-Leninism from the 'philosophical' Hegelian Marxist discourse initiated by Lukács – Harootunian refers to Marxist theory primarily concerned with ideology and 'cultural criticism' contextualised within the problematic of the value and the commodity form, hence 'Frankfurt Marxism' with their special emphasis on 'circulation'. According to Harootunian, they 'follow a homogeneous interpretative strategy, founded on the presupposition of a unity based on geographical contiguity that had long given up on the anticipated "withering of the state" or indeed the prospect of an imminent worldwide social revolution for critical cultural analysis of capitalism's domination of the social formation'. Harootunian 2015, p. 4. There are reasonable doubts regarding this contention, which we hope to address in future publications. Harootunian's contention, however, that 'Western Marxism' (i.e. the Frankfurt School and their intellectual heirs) strived for a 'progressive distancing from the economic for the cultural' (p. 5) is highly questionable, as studies in the Frankfurt School's reception of Marx and the Critique of Political Economy have shown (see Behrens 2005, Braunstein 2011).

217 Harootunian 2015, pp. 4–5.

investigation of specific and often singular contexts'[218] forms Harootunian's overall argument. Formal subsumption, used as analytical category to understand the (geographically) different trajectories that subsumption of labour has taken, serves, among other things, to 'widen(s) the angle of vision to include the world beyond Western Europe'.[219] The appeal of the concept of formal subsumption consists in 'a way out of both the vulgate Marxian and modernising bourgeois historical narratives constrained to fulfilling teleologically determined agendas of capitalism that have the unfolding of a singular trajectory everywhere'.[220] It is not clear which 'vulgate Marxian' historical narratives Harootunian refers to, since he provides no references. As Harootunian claims, Marxists like those in the Frankfurt School tradition and their intellectual heirs (Hans-Georg Backhaus, among others) can be said to be guilty of a more serious offense, namely, in 'their patient desire for the accomplishment of real subsumption' to not acknowledge the 'great unevenness' existing in different geographical areas in the course of time and the expansion of capitalism, as there are instances of the past 'mingling with the present', the 'residual traces that embodied untimely temporalities announcing their unevenness and difference'.[221]

The major irritation to the reader is to be found in Harootunian's judgment that the full capital relation, comprised in the analytical concept of real subsumption, has *not prevailed* as the social form that dominates economic life on a global scale. In other words, the capital relation described by the term of real subsumption, in reality and globally, has not been completed. Hence, the concept of 'real subsumption' only points to a theoretical *model* that bears no significance for the real historical diversity to be found in the 'different historical temporalities' and the 'synchronous nonsynchronisms' (Ernst Bloch) Harootunian finds represented in the concept of formal subsumption: 'Marx has posited the achievement of real subsumption as a model, perhaps as a proto-ideal type that envisions the possible realization and completion of the commodity relation in an as yet unreached future, in a last instance that never comes'.[222] As we have seen, quite the opposite is true – *De te fabula narratur!* – if we look at the evidence in Marx. What is more bizarre, however, is Harootunian's underlying assumption that real subsumption may have some justification as a hypothetical model, but cannot be used as a template to analyse

218 Harootunian 2015, p. 5.
219 Harootunian 2015, p. 9.
220 Harootunian 2015, p. 19.
221 Harootunian 2015, pp. 17–18.
222 Harootunian 2015, p. 8.

the present – not even the 'past in the present'. As though the obvious empirical evidence indicating the actual completion of the commodity form on a global scale were a far-fetched, even absurd, illusion, Harootunian expatiates: 'Whether Marx actually believed capital would ultimately realize the completion of the commodity relation … is hard to say. What seems certain is that he needed such a concept in order to present capitalism as a completed totality'.[223] Indeed, for Harootunian, the 'claim of capitalism's inevitable completion everywhere' is 'illusory'. Allegedly, it is *formal*, not *real* subsumption that more accurately theorises 'the constant interaction of coexisting times and practices in a ceaseless process that might lead to the final realization of capital *but probably not everywhere*'.[224] The remnants of the past in the present – outdated modes of production existing alongside new technologies, but also religious and cultural practices etc. – in Harootunian's view hamper the 'Western European' export of the capital relation to distant parts of the earth where the 'old' prevails and, as Harootunian suggests in an astonishing argumentative move, the process of expropriation and exploitation may not have exerted such a 'harsh' impact on the particular social edifice found in regions of uneven development (*pace* colonialism!):

> In a sense, it is possible to argue that the undisturbed accompaniment of older modes of work and tools, along with customs and religious beliefs that were seen as vital to or indistinguishable from work, may very well have blunted the direct consequences of both expropriation and exploitation or masked their harshness and contributed to delaying the realization of real subsumption. A good deal of agricultural practices in Japan carried associations of work and Shintō beliefs well into the Meiji period and probably beyond … And we know that even in post-War Japan, firms and companies recruited Zen Buddhism to inculcate a sense of 'spiritual' discipline into employees designed to reinforce their work performance.[225]

To support his view that the violent process of primitive accumulation Marx describes so vividly in the *Grundrisse* and in *Capital* did not exert its savage powers so cruelly in late developers like Japan, or had been avoided completely, Harootunian leans on Uno's reflections in the work *Outlines to the Agrarian Question* (*Nōgyō mondai jōron*, 1965), published shortly after the *Methodology*.

223 Ibid.

224 Harootunian 2015, p. 18. Emphasis added.

225 Harootunian 2015, p. 62.

Here, Uno discusses the import of the capitalist production mode and its particular effects on agrarian production and the social edifice of rural Japan after the Meiji restoration. Uno was interested in theorising 'late development' as being especially significant in agrarian production that still made up 65 percent of the national net product in 1900.[226] But the agrarian sector did not undergo a process of 'enclosures' and the expropriation of the small scale farmers (that made up more than half of the Japanese populace), so that the farming sector did not only come out of the capitalisation process relatively unscathed, but constituted a means of promotion for capitalism's self-implementation: 'Agriculture that remained within the sphere of production of direct consumer items such as grains lingered in its prior form and was only gradually invaded by capital as it assisted the process of reproduction of capitalism'.[227] The village therefore 'remained committed to "small-scale agricultural production" in contrast to the appearance of large-scale industrial enterprises in the cities and provided the recruiting ground for male (?) and child labor when urban industrialization required it'.[228] Hence, for Harootunian, primitive accumulation had been 'bypassed' in Japan, which initiated a development of unevenness and verified that, although older relations of production were no longer directly involved, the '"influences" of the remnant still constituted a primary factor in the development of productive power'.[229] In other words, acknowledging the Japanese development, exempted from 'real subsumption', could give clues as to how capital 'intentionally' left the prior medieval village intact, '*delaying* the alienation of large numbers of peasants from their means of subsistence'.[230] Yet, against Harootunian's verdict, one should not lose sight of the empirical and historical: the development of rapid modernisation and the release of land from the feudal *han*-system that went hand in hand with the dissolution of the *bushi* as a class, lifted the prohibition of the purchase and sale of agricultural land, so that, to the contrary, 'the erosion of the medieval agrarian village' indeed took place and, like in England and greater parts of Europe before,

226 See Furihata 1987, p. 76. Furihata points out that the silk and the cotton manufacturing industries made up the majority. More than half of Japan's populace consisted of small-scale farmers, most of these in turn produced rice and silk worms. The raw silk extracted from this process had been nearly completely exported to the United States, so that the export revenues could in turn be used to import raw cotton. '… the processing of raw cotton and the export of manufactured cotton goods formed the most important activity of capitalist enterprises' in Japan's Meiji period. Furihata 1987, p. 77.

227 Uno 1974 [1947], p. 41. Quoted in Harootunian 2015, p. 190.

228 Harootunian 2015.p. 190.

229 Harootunian 2015, p. 187.

230 Harootunian 2015, p. 186.

generated a whole new class of 'free' wage workers. Harootunian's verdict that primitive accumulation has been 'bypassed' in Japan is counterfactual.[231]

In the case of Japan, the new proletariat was incorporated into the two emerging new industries that would mark Japan's economic success on the globalised world market at the dawn of the imperialist age: silk and cotton manufacturing industries (women and children) and the mining and heavy metal industries (men). However, Uno was less interested in the details of the 'formal subsumption' process in the uneven development of Japanese capitalism as an object of *economic* analysis, as Harootunian believes, than in the 'preservation and continuation of the form of older precapitalist practices and *ways of thinking* that had taken command over time' beyond the economic sphere, including 'areas of social and cultural life dominated by the involuntary interaction of conscious life and the force of other, unconscious habits and modes of behaviour'.[232] While we find the culturalist assumptions bordering on (self-)orientalising schemes of explanation in this assessment problematic, it is less Uno's than Harootunian's own specific disposition that is to be detected here.

More rewarding than the probable culturalist consequences one may draw from Harootunian's interpretation is a look at the specific uses and misuses of Marx's terminology and theorisation of 'real and formal subsumption'. As a matter of fact, theorising late development does not preclude specific usages of Marx's terminology, quite to the contrary: a fruitful application of Marx's theory could imply a 'creative' way to deal with his categories when it is productive of cognitive gain. The creative usage of Marx's conceptualisations however should be asked to meet the requirement of at least *attempting* to grasp Marx's specific intervention. It could further be enhanced by meeting Marx's own method at eye level. This however implies the identification of the *object* of critique, namely socialisation under the directive of the full operation of the capitalist mode of production. However, as I will show, Harootunian neither meets this requirement, nor seems to be particularly interested in recapitulating Marx's specific *Problemstellung*. What we find in Harootunian's theoretical approach is that the meaning of real subsumption instead turns into the real subsumption of meaning, irrespective of whether we have Marx's conceptual framework or

231 For reasons of space, we consider it sufficient to point to the vast literature on the capitalisation of Japanese agriculture and the introduction of the factory system in the Meiji period. See Saitō 1986; Toby 1991; Brandt 1993; Francks 2005; Marcon 2014; Smith 1986. I thank Raji C. Steineck for his help with evaluating the literature.

232 Harootunian 2015, p. 192.

the target of Marx's critique in mind. We contend that Harootunian's project of 'deprovincialising Marx' against the postcolonial attempt to delegitimise or 'provincialise' Marx becomes itself an unwitting attempt at Marx's 'provincialisation', in that it not only counterfactually mobilises formal against real subsumption – in direct opposition to Marx – but makes the reference to Marx's central theoretical question about the operation of *not only* how capital *produces*, but how it produces *itself* – the very definition of what the heuristic of real subsumption that Marx devotes the analysis of *Capital* to clarifying – redundant. Because if the central question surrounding Marx's project is expurgated from the research programme, then another question suggests itself immediately: why draw on Marx at all? The apparent non-applicability and *insignificance* of Marx's intervention for Harootunian's ends (of which he seems little aware) seems a far greater concession to Marx's 'provincialisation' than the postcolonial project which at least recognises the theoretical fertility of Marx's intervention. As we will see, the eschewal of Marx's principal interest in the conceptual interrelation of real subsumption, value and the development of the forces of production on a systematic global scale, is due to a use value-fetishistic hyperbole that Harootunian, like other authors discussed in this chapter, mobilises against the value form. As I will show, this strategy also betrays Harootunian's neoliberal agenda, which downplays actual human suffering effected by the global implementation of the law of value.

Again, as shown throughout this volume, the realm of use value, which Harootunian mobilises as the space 'mitigating' the sphere of the valorisation, is beside the point for capitalist production. And if it is true that an imagined 'use-value space' allegedly hampers the 'completion of the commodity relation' which 'trumpet(s) the triumph of capitalism', as Harootunian thinks, then it does so only in order to present another barrier for the realisation of surplus value, which must be overcome. This is what the analysis of the production of relative surplus value, corresponding to the real subsumption of labour under capital, signifies. With the breakdown of the barriers to the appropriation of unpaid labour, also the legal and extra-economic barriers increasingly vanish. As Marx neatly illustrates in this passage from the 'Results of the Immediate Process of Production',

> … on the one hand, [capital] creates means by which to overcome obstacles that spring from the nature of production itself, and on the other hand, with the development of the mode of production peculiar to itself, it eliminates all the legal and extra-economic impediments to its freedom of movement in the different spheres of production. Above all, it overturns all the legal and traditional barriers that would prevent it from

> buying this or that kind of labour-power as it sees fit, or from appropriating this or that kind of labour.[233]

What characterises capital is its *indifference* towards the particular 'forms of the labour process it acquires',[234] once real subsumption is enacted. The talk of 'singular contexts' (understood in terms of national/regional unevenness) barely conceals the commentator's desideratum of 'preserving' intact and innocent spaces, 'untouched' by the capital relation, preserved in the notional sphere of formal subsumption, concrete labour and use value.[235] Against this unabashed ideological, moralistically motivated rejection of real subsumption, we will present a radically different reading of real subsumption that focuses on real subsumption as a methodological heuristic indicating the 'completed' fetishisation of the capital relation. We will show that real subsumption 1) presents a *critical category* directed against the 'fetishism of the political economists', 2) forms not only the incentive, but the *actual object* of Marx's analysis of the capitalist mode of production, and 3), by directly corresponding to the production of relative surplus value, allows us to conceptually confront the mechanism that effects the dominance and perseverance of capital on a global scale, the 'overcoming' of any obstacle, economic or political, that may impede the appropriation of unpaid surplus labour. As against formal subsumption, real subsumption then indicates a methodological tool for deciphering the context of fetishism and the increasing mystification of the capital relation, which the present work highlights as the crucial aspect in Marx's Critique of Political Economy. Contrary to what Harootunian believes, it is formal, not real subsumption that serves as no more than a preliminary 'hypothetical model', lacking the *form determination* of capitalist reproduction that only real subsumption – indicating the self-reproductive subsumption of wage labour under capital implied by the production of relative suplus value – can offer.

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233 Marx 1976, p. 1013.

234 Ibid.

235 Steineck correctly points to the theoretical consequences of such a view: '[Harootunian] believes that there exists, in capitalism, spheres of purely concrete labour, in which pre-capitalist formations of the metabolism of human beings with their environment remain intact. In other words, he succumbs to an essentialism of the concrete that is also the hallmark of the fetishism of use value – meaning the identification of the production of use values as the ultimate goal of capitalist production and the concomitant glorification of concrete labour and its products over and against abstract labour and money. This is no minor mistake, because it is precisely the elevation of use value that consistently supports reactionary anti-capitalism'. Steineck 2017, p. 1344.

5.3.1 *The Meaning of Real Subsumption 1: Against the 'Capital Fetish' of Conventional Political Economy*

Formal and real subsumption, as the two heuristic-interpretative diagnoses corresponding to the production of absolute, and, respectively, the production of relative surplus value and their inner relation,[236] are clearly defined in their *loci classici* in *Capital* (parts 3–5) and the 'Results of the Immediate Process of Production', a chapter initially included as Chapter Six, but then discarded from the third draft of *Capital*, the 1863–5 Manuscript.[237] However, the 'Results' offer a rich, if very dense, summary of what Marx thought was crucial about both the immediate effect of the capitalist mode of production – that 'capitalist production' is first and foremost 'the production of surplus value', as one section title asserts – as well as what the bourgeois 'interpreters' in their ahistoric, generalising, and hence, fetishistic approach to capital missed about capital's specific *social form*. The significance of the analysis of the general features of capital is on a par with the critique of its fetishism in the political economists. With the concepts of formal and real subsumption in the context of this debate, the 'Results' are therefore a useful source for analysing the *impetus* Marx intended with these heuristic concepts. Here, we can immediately discern that the conceptual distinction between formal and real subsumption is decisive for grasping different levels of abstraction concerning the object in question (i.e., the capitalist mode of production). This impetus remained completely beyond the scope of classical and vulgar political economy. The importance of different levels of abstraction is evident from Marx's explication that formal subsumption 'is the general form of every capitalist process of production', while it can be found as a 'particular form alongside the specifically capitalist mode of production'.[238] While the specifically capitalist mode of production requires the formal and general characteristics of the formal subsumption of labour under capital, the reverse does not hold (i.e. formal subsumption exists, or rather, *existed* in the absence of the specifically capitalist mode of production). In the view of historical succession which Marx points at throughout the chapter, formal subsumption corresponds to 'an earlier state of *independence*'[239] of the direct

236 Marx more specifically distinguishes between four types of subsumption: formal, real, hybrid, and ideal. For a detailed discussion of the latter two, see Murray 2004, pp. 263–66. For reasons of space, they cannot and need not be presented for the purpose of the present chapter.

237 For the locus of the 'Results' in the structure of *Capital*, see Antonowa 1982. For the wider context of the 'Results' in Marx's work, see Napoleoni 1974, pp. 108–18.

238 Marx 1976, p. 1019.

239 Marx 1976, p. 1028.

producers (self-sustaining peasants, farmers who only pay a rent on their direct produce, rural or domestic secondary industry, independent handicraft), with labour being subsumed under the directive that it produce surplus-value, but without yet a direct transformation of the labour process by technological innovation of the means of production, and hence, *changes of scale*, for the production of surplus value. We can therefore state that formal subsumption remains at the level of a *general* and *formal, merely social* relation, whereas real subsumption also indicates the incessantly dynamic transformation of the *material* conditions of production which in turn more radically transforms the social relationship between capital and labour.

To understand how formal and real subsumption point to different levels of the fetishisation of capital and the capital relation, we should first look at their common features. The connecting thematic nexus between formal and real subsumption is the unity of the labour and valorisation process that is specific to the capitalist mode of production. The capital fetish, the perception of capital of being directly 'fruit-bearing', is a direct result of the valorisation process itself, which Marx so rigorously describes in the 'Results' as the effect of viewing the form determinations of capital's use value (the means of production, i.e., raw materials, auxiliary materials, means of labour, tools, etc.) in abstraction from the historically specific *social form* they serve: namely, to be means for the production of surplus value. Capital thus appears as a 'necessary feature of the *human labour process as such*'.[240] This applies to both formal as well as real subsumption. Formal subsumption however cannot account for the same degree of mystification as real subsumption, because it is necessarily limited to the production of absolute surplus value, and with it, the lengthening of the working day and the proportional rise in the value of labour power, as well as the proportional rise in the value of the commodity. In other words, the relation between labour and value is still cogent; less labour employed in the final product implies less value, more labour employed will result in a higher value of the commodity. The source of value is not yet thoroughly mystified.

In real subsumption, however, the relation between labour and value is fully obscured. With the production of relative surplus value, the development of the forces of production and the devalorisation of labour power, the proportion of labour in the final product – and the commodity is the immediate product

240 Marx 1976, p. 981. Marx counters the claim of the existence of capital as the 'eternal law of nature of human production' with an impressively polemical comparison: 'I could prove with equal facility that the Greeks and Romans celebrated communion because they drank wine and ate bread, and that the Turks sprinkle themselves daily with holy water like Catholics because they wash themselves daily', Marx 1976, p. 999.

of the process of capitalist production – becomes smaller: work is increasingly substituted for 'technology'[241] and machines ('capital' in the bourgeois dictum), profits ascribed to the 'fruit-bearing' power of the means of production, the 'productive power' of capital. In the capital fetish, the obfuscation of the relation between labour and value is completed. *A propos* the 'productive powers of capital', Marx notes:

> It does not appear as the productive power of labour, or even of that part of it that is identical with capital.[242] And least of all does it appear as the productive power either of the individual worker or of the workers joined together in the process of production. The mystification implicit in the relations of capital as a whole is greatly intensified here, far beyond the point it had reached or could have reached in the merely formal subsumption of labour under capital.[243]

Accordingly, formal and real subsumption correspond to different levels of mystification of the value forms. Marx identifies formal subsumption by 'the takeover by capital of a mode of labour developed before the emergence of capitalist relations', an '*available, established labour process*', a 'traditional established labour process' in which only 'gradual consequences' of that form of subsumption of labour under capital can appear:[244] 'The work may become more intensive, its duration may be extended, it may become more continuous under the eye of the interested capitalist, but in themselves these changes do not affect the character of the actual labour process'.[245] This is quite contrary to '*the specifically capitalist mode of production*'[246] – the production of relative surplus value: '[The] latter not only transforms the situations of the various agents of production, it also *revolutionizes* their actual mode of labour and the real nature of the labour process as a whole'.[247]

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241 In contradistinction to 'Technik', Bellofiore, drawing on Guido Frison, notes that '*Technologie* defines the potential relationships between labour power and its means, so it is strictly related to innovation … it is one of the many examples of the fetish character of capital (in this case, the immediate process of production) leading to fetishism: the social powers created by capital, which are effective, are attributed to things as such (here, the means of production), and not to a specific social relation'. Bellofiore 2018, p. 373.

242 By the labour that is 'identical with capital', Marx presumably means dead labour.

243 Marx 1976, p. 1024.

244 Marx 1976, p. 1021. Original emphasis.

245 Marx 1976, p. 1021.

246 Marx 1976, p. 1021. Original emphasis.

247 Marx 1976, p. 1021. Original emphasis.

What is interesting here is that Marx directly identifies the '*specifically capitalist mode of production*' with the production of relative surplus value[248] and *explicitly distinguishes* it from the production of absolute surplus value of formal subsumption. In other words, we may add, formal subsumption may be a prerequisite for capitalist relations of production to arise[249] (and the fertile ground for the mystification of capital); however, it is *not* itself specifically capitalist. Something else aside the mere subjugation of the labour process under the directives of capital must happen in order for the *real*, for the *specifically* capitalist mode of production to develop. What we can witness here is a classic case of the Hegelian 'transformation of quantity into quality', in that Marx largely gives reasons attributable to measure, quantity and scale, i.e. the expansion of the scale of production, i.e. large scale industry, the establishment of the factory, etc. – in other words, a certain degree of the *development of the forces of production* – so as to account for the emergence of real subsumption of labour under capital, just as quantitative relations were a precondition for the emergence of the formal subsumption against older modes of labour:

> The distinction between labour formally subsumed under capital and previous modes of labour becomes more apparent, the greater the increase in the *volume of capital* employed by the individual capitalist, i.e. the greater the increase in the *number of workers employed by him at any one time*. Only with a certain minimum capital does the capitalist cease to be a worker himself and [begin] to concern himself entirely with directing work and organizing sales. And the real subsumption of labour under capital, i.e. *capitalist production proper*, begins only when capital sums of a certain magnitude have directly taken over control of production, either because the merchant turns into an industrial capitalist, or because larger industrial capitalists have established themselves on the basis of *formal subsumption*.[250]

248 In his critique of Derek Sayer, Murray emphasises this: 'Sayer does not recognize that Marx's phrase "specifically capitalist production" is equivalent to production that has undergone real subsumption'. Murray 2004 (ed. Bellofiore/Taylor), p. 251.

249 The 'more completely' the objective and subjective conditions of labour confront the worker as capital – we will soon thematise this crucial aspect in greater detail – the 'more effectively the formal subsumption of labour under capital is accomplished, and this is turn is the premiss and the precondition of its *real* subsumption'. Marx 1976, p. 1026. Original emphasis.

250 Marx 1976, p. 1027. Original emphasis.

The choice of the plural – industrial capitalists – is not accidental. As we have discussed at length in Chapter 4.3., it is only with *competition* that the concept of the magnitude of value of socially necessary labour time receives its full meaning, as well as its immediate appearance in the form of price (and the notion of the existence of a single industrial capitalist makes little sense). We have also seen that the 'social value' of the commodity no longer corresponds to its 'individual value', because of the systematic and fetishistic distortion induced by competitive suppliers in intrasectoral competition and technological innovation. It is here that relative surplus value establishes itself as the primary mode of the extraction of unpaid labour. Here, the price form allows the individual capitalist who first establishes cost-saving technological changes (i.e., before other suppliers within the same branch of production do so) to sell his commodities at a price above its social value. For Marx, '[with] the production of relative surplus value the entire real form of production is altered and a *specifically capitalist form of production* comes into being (at the technological level, too)'.[251]

However, with the emergence of economies of scale, *general wage dependency* comes into play. When the commodity form becomes the universal and exclusive form of social reproduction, pushing back older forms of self-subsistence, the wage form simultaneously arises as the universal and exclusive possibility of workers' reproduction. This is how the *Umschlagen von Quantität in Qualität* is concretely enacted in the emergence of specifically capitalist relations of production.

Consequently, it is the concept of *real* subsumption, *not* that of formal subsumption, that formed the essential interest and motivation behind Marx's attempt to analyse not only the way that capital produces, but to describe *how the capital relation* (*re*)*produces itself by dynamically transforming the process of technological and therefore also social production*.

This is also more specifically the thematic of the 'Process of Accumulation of Capital', Part 7 of *Capital*, and especially the chapter on 'The Political Economists' Erroneous Conception of Reproduction on an Increasing Scale', which profoundly draws out the blind spots of classical political economy and its failure to explain not only the origin of surplus, but how the surplus reinstantiates the subsumption of labour under capital *by the very process of capitalist production itself*. Real subsumption and the reproduction of the capital relation *completely fall out of the framework of classical political economy*.[252] In that sense, the analysis of the capital fetish and the concept of real subsumption

251 Marx 1976, p. 1024.

252 See e.g. 'The Political Economists' Erroneous conception of Reproduction on an Increas-

serve the common goal of the critique of classical (and vulgar) political economy, which Harootunian, like Uno, do not recognise as the *first and foremost* function of Marx's critical project.

The analogy of formal and real subsumption with simple and extended reproduction, respectively, is striking. The production of absolute surplus value can only ever be a limited form of production, due to the 'natural limit' of the working day. In the presentation of reproduction in Part 7 of *Capital* Volume I, as well as the Reproduction Schemes in Volume II, Marx, for didactic reasons, begins with simple reproduction. Simple reproduction however is only a *formal* and *general hypothetic model*. It does not describe the *actual* capitalist reproduction process, which cannot be anything other than reproduction on an *extended scale*, reproduction yielding surplus value for the capitalist class. Indeed, '[there] is no "simple" capitalist reproduction. Without self-expansion capital is not capital, its circulatory movement is, echoing Hegel's description of dialectical development, "a spiral, an expanding curve, not a simple circle"'.[253] Claudio Napoleoni confirms the analogy between the formal, general model of simple reproduction with formal subsumption, and the actual reproduction on an extended scale with real subsumption:

> Before the emergence of the capital relation, the goal of production was not surplus value; production therefore took place within confined limits. Now that the goal of production has clearly become surplus value and it has no other determination than that of quantity, and the capitalist has no other goal than augmenting this quantity, the labour process is, so to speak, constrained by formal subsumption. While it remains the same, it underlies the attempt to expand its scale, so that it can actually serve the specific goal of capitalist production, which consists in the unlimited increase in surplus value. It is precisely this constraint of the labour process which causes the transition from formal to real subsumption, because at a certain point it becomes impossible to expand its scale if it remains in the previous form.[254]

In other words, formal subsumption corresponds to a 'general' mode of the subsumption of labour under capital. Here, however, the object, a process of production, in which the value of labour power is constant, does not corres-

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ing Scale' (Marx 1976, p. 734), mainly targeting Ricardo and Smith's schemes, which are scrutinised again and more meticulously in Volume II.

253 Sáenz de Sicilia 2016, p. 224. The author refers to the *Grundrisse*. See Marx 1973, p. 266.

254 Napoleoni 1974, p. 117.

pond to its concept or 'idea', the maximal extraction of unpaid surplus labour. This is a definite constraint to the aim and purpose of the capitalist mode of production. Only with real subsumption and the production of relative surplus value does the object correspond to its concept, in that only with the devaluation of the value of labour power, and the potential extraction of infinite quantities of surplus value, do we have the final 'realisation of the ideal' of capital's self-valorisation. And this, as shown in Chapter 4.4., immediately becomes the reason for capital's crisis tendency, the inherent contradiction in the law of value.

5.3.2 *The Meaning of Real Subsumption II: The Capital Relation as Marx's Specific Object of Investigation*

Hence it is *formal*, not *real* subsumption that serves as a 'hypothetic model' for analysing the actual conditions of capitalist reproduction, as a historical precursor, but more significantly, as a rough approximation that still lacks the specific *form determinations* of capitalist reproduction. The single most important form determination of the real capitalist mode of production is, however, the subsumption of labour under capital that is *reproductive of itself*, i.e. not hinging on *anything else* but the process of production. This is provided in the form determination of the *wage*. *Wage dependency* marks the *differentia specifica* between the preliminary heuristic of formal against real ('actually implemented') subsumption: '… the production of relative surplus-value completely revolutionizes the technical processes of labour *and the groupings into which society is divided*'.[255] In formal subsumption, with the 'earlier state of *independence*' of the individual producers and reproduction on an even scale, the dependence on the wage was peripheral. In real subsumption, the wage relation becomes central. In fact, it becomes the *single* form determination that *fully expresses* the transition of the *objective* conditions of production (means of production) away from the direct producers towards the capitalist class – and with it, also the *subjective* conditions of reproduction (means of subsistence). Through the sole dominance of the wage form, the production of relative surplus value establishes itself as the *confrontation between capital and labour* which is the object of Marx's investigation (and not, e.g. the 'hoarding of riches in the hands of the few'). Based on the production of relative surplus-value, 'and simultaneously with it, the corresponding *relations of production* between the various agents of production and above all, between the capitalist and the wage

255 Marx 1976, p. 645.

labourer, come into being for the first time'.[256] In his analysis of the production of relative surplus value, Marx was finally able to determine the *specific object of critique*, namely the systematic contradiction between the classes, between capital and wage labour, or the *capital relation*:

> Capitalist production therefore reproduces in the course of its own process the separation between labour-power and the conditions of labour. It thereby reproduces and perpetuates the conditions under which the worker is exploited … *It is no longer a mere accident* that capitalist and worker confront each other in the market as buyer and seller … The capitalist process of production, therefore, seen as a total, connected process, i.e. a process of reproduction, produces not only commodities, not only surplus-value, but *it also produces and reproduces the capital-relation itself*; on the one hand the capitalist, on the other hand the wage labourer.[257]

Hence the two different forms of the production of surplus value correspond to two different forms of the *subsumption of labour under capital*, and not to, say, two different forms of the 'accumulation of wealth'. Because the production of relative surplus value *reproduces the capital relation itself*, it indicates the real, the total and absolute subordination of labour under capital, a relation, in which the 'object (*Sache*)' corresponds to its 'concept (*Begriff*)', and the form determination of the capital relation is complete. This is the object of Marx's investigation.

Let us briefly recapitulate, with Marx, how exactly the production of relative surplus value effects the reproduction of the capital relation. The 'curtailment'[258] of necessary and, with it, the extension of surplus labour, on which the production of relative surplus value rests, obviously entails a wage decrease for the workers. Without a certain 'standard of living', however, the reproduction of labour power proves to be difficult. Capital itself therefore must change the conditions of production under which it can valorise itself. Production is transformed under the auspices of velocity, efficiency, quantity of output – in short, cost-saving administrative techniques and technologies.[259] With the lowering of production costs, especially in variable capital, and the intensified and/or

256 Marx 1976, p. 1024.
257 Marx 1976, p. 724. Emphasis added.
258 Marx 1976, p. 432.
259 These are the subject of every Business Administration Bachelor or Master degree programme worldwide.

extended use of constant capital, a bigger mass of commodities can be produced in a shorter period of time. At the same time, and by the same process, the value of the commodities necessary for worker consumption[260] decreases. Insofar as the production of relative surplus value decreases the value of labour power (the money wage), it also decreases the value of the commodities that can be bought with it. The socially necessary labour time they contain becomes smaller. By this dynamic, the subsistence of the working class has become directly subordinate to the logic of capital. This is what is meant by the form determination of wage: in its phenomenal form of abstract and general human labour – money – it may be exchanged for any use value available on the market, but it cannot present *anything else* than use values available on the market, again feeding into capital's valorisation process. But if the value of the newly produced commodities is lower, valorisation can only keep up with its own imperative if a greater mass of commodities is being produced in a shorter period of time – and, again, bought by the workers with their wage. With it, working hours and days become longer, surplus labour and output increases. The circle repeats itself. This process is inherent to the 'constant revolutionising of production'.

Bigger, not better, but faster, and more: it is this *dynamic transformation* of the *conditions* of production which spurs the development of the *forces* of production.[261] The means of choice for the capitalist class to lower the value of labour power is the substitution of living for dead labour, i.e. the substitution of labour for technical auxiliaries, advanced computerisation in the production process, robotics, assistant systems, etc., today known as 'digitalisation'. Because the general division of private labour and the competition between capitals, however, still dominate this mode of production – never mind the stage of the development of the forces of production – every single capital employed is viewed solely with regard to *cost saving* procedures – while every single capitalist endeavours to achieve the *most effective and potent* valorisation of his capital. By no means the single capitalist consciously decides to shorten necessary labour and lower the value of labour power, but 'he contributes towards increasing the general rate of surplus value only insofar as he ultimately contributes to this result. The general and necessary tendencies of capital must be distinguished from its forms of appearance'.[262] As we have

260 Needless to say, not only consumer goods, but means of production as well 'lose in value'.

261 Murray strangely puts the cart before the horse: '… the whole strategy of relative surplus-value is to increase productivity in order to drive down the value of labour power'. Murray 2004, p. 262.

262 Marx 1976, p. 433.

seen, it is precisely the capital fetish, i.e., the notion that the substitution of living for dead labour enhances a more efficient valorisation, which is a form of appearance, a fetish dominating capital's self-perception and its prospective survival strategies, regardless of its increasing inherent contradiction manifested in the crisis of valorisation. Yet, capital's infinite 'hunger for surplus labour', the shortening of necessary labour, the substitution of living for dead labour, and the development of the forces of production is directly tied to the emergence and consolidation of the capitalist mode of production as a *class-based* social relation. Competition spurs 'the individual capitalist … to seize the *initiative*'[263] by shortening necessary and extending surplus labour through the employment of technological innovation; this in turn lowers the value of labour power, and finally the circle towards the consolidation of the class relation is closed, because wage dependency is no longer an *accidental* social relation between capital and labour, but its *exclusive* and *solitary* form.

However, just as obviously, this development is not a new one. Wage dependency *is as old as the system of capitalist production itself*. Looking at the history of real subsumption, we can go back almost 300 years to find the same logic of automatisation that we find today. In mid-eighteenth-century France, engineer and inventor Jacques de Vaucanson's (1709–82) programme-controlled spinning machines helped accelerate the production process and increased the output level.[264] Yet, for the capitalist class, the 'flexibility' of automated machines was a desideratum in the early days of mass production, as it is one today:

> [The development of automatons with higher flexibility] goes back as far as the cylinders and wooden punch cards, which were used for machine control systems in the 18th century. In the 1740s, the French clockmaker and inventor Jacques Vaucanson developed the first programme-controlled machine. He received an order by Louis XV to modernise the French textile industry. Frustrated by the resistance of the weavers' guild of Lyon,[265] he developed a weaving loom in which the textile pattern was

263 Marx 1976, p. 1023.

264 The prototype wasn't used widely, but Joseph-Marie Jacquard's optimised and elaborated loom, based on Vaucanson's original machine, was employed in textile production in the aftermath of the French Revolution and the beginning of industrialisation, after a longer period of unsuccessful resistance by France's textile guilds. Allegedly, Jacquard came upon a destroyed specimen of Vaucanson's machine which was kept at Napoléon Bonaparte's 'Conservatoire des arts et métiers' in 1804. He used the parts for his own invention, which first systematically applied the punch card system and became the cornerstone for automation in the production process.

265 In 1744, the weavers of Lyon did not expel Vaucanson because of his invention, but

> no longer crafted by humans, but by punch cards. Just like the pins on the cylinder of a music box generate a melody, the punches in the wooden plates guide the spinning needles and the thread's different colours, to craft a cloth whose pattern corresponded to that of the punch cards … the weaving loom could now be operated without induction by the handicraftsmen, which had hitherto determined the sequence of the multicoloured threads. Vaucanson … made their labour knowledge 'machine-readable'.[266]

In other words, even in its earliest mercantilist days, capitalist production could not survive without a constant revolutionising of the mode of production, the introduction of the newest techniques and technologies. Louis XV's incentive was the growing competition on the world market for sales, and in that sense there is little to suggest a qualitative difference in *motivation* between his enhanced production method of the early eighteenth century and China's mega-factories of today. In other words, capitalism without competition is a *contradictio in adiecto*. Yet, in its general framework, formal subsumption *abstracts* from market competition, and in doing so, it *abstracts* from general wage dependency generated by the development of the productive forces. As a general, abstract concept, it leaves the *specific form determination* of the subsumption of labour under capital unconsidered.

It is clear from the greater bulk of passages in the 'Results' that Marx invites a reading in which formal and real subsumption correspond to different historical stages.[267] Yet, when we consider the wider context of the discussion, it is clearly embedded in a more theoretical and conceptual concern, the 'mystification' process of capital generated by its confrontation with labour. Hence, Marx's discussion of formal and real subsumption fundamentally concerns the

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because, on the crown's authority, he attempted to employ a more liberal trade and investment system. See Becker 2017, p. 213.

266 Becker 2017, pp. 43–4. Own translation.

267 See also Postone's discussion on the emergence of abstract time in medieval society, especially the cloth manufactures in Flanders: 'Because workers were paid by the day, conflict became focused on the length and definition of the work day. It seems that it was the workers who, at the beginning of the fourteenth century, demanded initially that the work day be lengthened in order to increase their wages, which had declined in real value as a result of the crisis [the economic crisis of textile industry in the late thirteenth century]. Very quickly however, the merchants seized upon the issue of the length of the work day and tried to turn it to their advantage by regulating it more closely'. Postone 1993, p. 210. Postone draws on Jacques Le Goff, 'Labor Time in the 'Crisis' of the Fourteenth Century', in *Time, Work and Culture in the Middle Ages*, Chicago and London, 1980.

increasingly persistent dominance of the capital fetish. Already with the emergence of formal subsumption,

> [the] mystification inherent in the *capital-relation* emerges … The value-sustaining power of labour appears as the self-supporting power of capital; the value-creating power of labour as the self-valorizing power of capital and, in general, in accordance with its concept, *living* labour appears to be put to work by *objectified* labour.[268]

How the *social* creates the *real mystification* whose outcome is a *technologically* defined mode of production is the real concern of Marx's discussion of subsumption. When, in the heuristic of real subsumption, the technological comes to dominate the social, things become persons, persons become things, and the wage relation establishes itself as the *sine qua non* of reproduction, the capital fetish is complete. With this framework, we must conclude that Harootunian errs not only on the level of grasping the *function* of formal and real subsumption as critical concepts, but he errs in believing that the framework of formal subsumption meaningfully contributes to understanding the real and actual workings of capitalist sociation on a global scale. We will shortly elucidate this misunderstanding by pointing not only to the theoretical, but the *political* perniciousness of Harootunian's intervention following from his theoretical apotheosis of formal against real subsumption.

5.3.3 *The Use Value-Fetishistic Hyperbole of Formal Subsumption*

The critical function of Marx's main work, *Capital*, as previously stated, is already clear from the very first conceptual abstraction presented to us in the value form of the commodity, this *most complex*, and *by no means 'simplest'* category that Marx utilises to deconstruct the fetishistic sphere of 'simple exchange', as seen in Chapter 1. For already in the commodity, the contradiction between value and use value implies a subsumption, as Sáenz de Sicilia notices:

> Capitalist social relations … involve the instauration of the commodity as the *elementary form of social wealth*, a form whose value aspect stands over and above the qualitative particularity of its use-value aspect and subsumes it as a result of its subjection to commercial circulation.[269]

268 Marx 1976, p. 1021.

269 Sáenz de Sicilia 2016, p. 138. Unfortunately, in the latter part of the book, the author revokes

The value aspect of the commodity, subsuming and subordinating use value, has become the structuring force of capitalist production. The actual production of relative surplus value, to which real subsumption and its techniques of 'constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society'[270] correspond, and of which the 'digital revolution', massive global technological reconstruction, economies of scale, automatisation, the increasing substitution of living labour for digitalised automatons and robots, etc. are direct expressions, *blatantly defies* production of absolute surplus value and, with it, formal subsumption. Formal subsumption, as we have seen, essentially assumes a *constant* organic composition of capital, i.e. reproduction on an *even scale*.[271] Formal subsumption is incompatible with specifically capitalist relations of production. Today, it exists nowhere but in the mind of the theorist.

Indeed, a thorough critique of Marx's category of real subsumption of labour under capital would have to be formulated as a general critique of Marx's analysis of the capital relation and the theory of social form on which it is based. Such a critique would have to show that

> the capitalist mode of production does not insist on a systematic subsumption of living labour under the imperatives of the valorisation process of capital, encroaching on the labour process, [it would have to show] that the class-form relation of the domination of capital is not constantly being reproduced by the dynamic of capital growth, and that in its his-

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his previous insights to claim that 'Marx … brackets the independent existence of living labour, reducing its reproduction to the functions it fulfils for the reproduction of capital … But the "certain limits" … are crucial in opening the system to an independent qualitative dimension beyond capital's unilateral control and direct interest, because whilst the capitalist must cede a wage to the worker in order to ensure his or her reproduction, they do not directly oversee that reproduction'. Ibid., p. 231. This is an illustrative example for the confusion between the historically specific capitalist form determination of *wage* (and its monetary expression) with a historically unspecific necessity for *general* human reproduction. Sáenz de Sicilia overlooks *that capitalist forms of consumption are confined by the form determination of the wage*, so that one must ask to what extent we may speak of an 'independent existence of living labour' under capitalist relations of production. Sáenz de Sicilia's argument seems to point in a direction similar to 'feminist' Social Reproduction Theory and its problems that we have addressed previously.

270 As Marx and Engels famously declare in the *Manifesto*. Marx and Engels 1976 [1845–8], p. 487.

271 '[Capital] finds in existence the actual production process – the particular mode of production, and at the beginning it only subsumes it formally, without making any changes in its specific technological character'. Marx and Engels 1988 [1861–3], p. 92.

> torical progress, capital did not transform the previous labour modes and labour forces according to forms necessitated by its need for expansion. This would be tantamount to presenting evidence that the capital form of value were not the organising and synthetisising principle of modern bourgeois society.[272]

One may rightfully ask what *motivates* Harootunian's intervention to taxonomically subordinate the concept of real under that of formal subsumption. We must return here to the problematic of the fetishism of use value that informs most Uno-affiliated research. Here is precisely the second objection to Harootunian's project for the 'recognition' of uneven development, because, strictly speaking and on the basis of the conceptual framework elaborated by Marx, Harootunian contends that *capitalism proper does not exist as a global social system*. For a writer working in the historical present, Harootunian's insistence on the 'illusion' that real subsumption should count as a social reality is at best ignorant and, at worst, cynical – not only if we face the reality of the hardship of billions of people who live under the conditions of capitalism in its specifically *globalised* mode (which Harootunian strangely never refers to). This denial of actually existing capitalism also coincides with the *neoliberal agenda* Harootunian unwittingly pursues. To be sure, if Harootunian's claim is that next to the 'capitalist everyday', there exist 'other', 'hybrid' forms, which survived as 'remnants of the past', this amounts to a truism. Harootunian's claim, however, is a stronger one: namely that the 'hybrid forms' – Zen Buddhism in corporate activities, customs and religious beliefs – *weaken* the experience of exploitation and the everyday grind in dependent wage labour. This claim reads as if it had been taken from the catechism of corporate propaganda ('work-life-balance'), considering, for example, that Zen Buddhism in Japanese corporations has not been able to mitigate the problem of *karōshi* (and how, *indeed*, could it?).[273] The *karōshi* phenomenon however is a *direct* and *real* effect of real subsumption's production of relative surplus value in that capital's

272 Schmiede 1988, p. 21. Own translation. Original emphasis.

273 One case of *karōshi*, proving the phenomenon no longer receives the media attention it once had, has become public with the death of NHK reporter Miwa Sado in 2013, who worked 159 hours overtime in a month. Companies have acknowledged that 93 cases of suicide among their employees could be directly related to their workload in overtime hours, which in all these cases were over 100 hours. In 2015, Abe has promised to cut overtime workloads of more than 100 hours per month and punish companies who made their employers work more. For a critical discussion of Abe's work reforms, see https://apjjf.org/2017/23/Kojima.html (8 March 2019). I'd like to thank Prof. Dr. David Chiavacci for pointing this article out to me.

appropriation of unpaid surplus labour has become potentially infinite, driving employees to 'work-onto-death' and having to expect informal sanctions when they do not. Harootunian's confidence in the mitigating factors of 'diverse cultural practices' and 'religious beliefs', categories of use value, cynically ignores this actual and real implementation of the law of value in the fabric of economic life. To claim that 'singular contexts', 'uneven temporalities' etc. weaken 'the experience of exploitation' does not change the fact that this amounts to support for the euphemistic image neoliberalism likes to present of the real capitalism which it ideologically and politically orchestrates. This is especially clear where Harootunian attempts a critique of Marx's analysis of real subsumption, not only misrecognising the specific *object of critique* it establishes, but confronting it with a conceptual catalogue allegedly indicating a 'different' agenda – the 'archaic in the present', 'unevenness', 'untimeliness' (yet the view that capital had a specific 'agenda' remains Harootunian's alone) – thus inviting the view of use value as a possible field of political resistance to capital by virtue of its alleged 'externality':

> … Marx may have … understated the political consequences of recognizing and mobilizing these spectral reminders of temporal unevenness, untimeliness, and arrythmia in producing discordance, consequences such as disturbing the homogenous linearity projected by the nation-state busy promoting the claims of another kind of contemporaneity. For these 'ready-mades', taken over and utilized in a different way, released from the role they once played in modes of production that generated them, were not completely emptied of their historicality but still indexed the intimation of a time external to and dissimilar from capitalism, a world where use-value and the non-differentiation of subject and object still supposedly prevailed, bringing with it possibilities for different forms of political economy.[274]

However, categories of use value, mobilised as 'arrythmia' or 'areas of life' that are not 'fully subsumed' by the capital relation ('external' to them) do not hamper the hard interests of valorisation. 'Cultural practices' do not 'weaken' the 'experience of exploitation'. Moreover, as a critical category, exploitation is not an 'experience'. This is precisely why it could become the *secret* to the self-representations of alleged equivalent exchange. Harootunian's empirical hypostases miss Marx's crucial analytical and critical intervention against cap-

274 Harootunian 2015, p. 55.

ital's self-definition. They *cannot* be empirically redeemed as they miss the overall specificity of Marx's method in relation to that of bourgeois political economy's empiricism.

Because of the fact that, by the process of really subsuming labour as a use value-producing activity, capital renders *value* the ultimate and only goal of the production process, the ongoing valorisation process is veritably *indifferent*[275] to the 'use-value space' of cultural practices. It is indifferent to the fact that Pakistani day labourers in Dubai's shipbuilding industry read the Koran, or that Bangladeshi textile labourers perform Hindu rites, or that Chinese toy factory slave workers, when asked, name 'Buddhism' as their religion of choice – as long as these practices do not hamper capital's drive towards surplus value. Consequently, Harootunian cynically ignores the conditions under which workers in regions having undergone 'uneven development' live and suffer, with no perspective for the future being one of the milder self-assessments. 'Hybrid forms of subsumption' is the theorist's euphemism for a reality in which workers provide the 'human material' absorbed for capital's valorisation process. At the same time, and counter-intuitively, considering the strong emphasis Harootunian puts on 'uneven development', his approach also ignores the *effects* of globalisation. It is difficult to ignore real subsumption in the face of the reality of child labourers in Africa's Congo digging rare earths like cobalt and cassiterite as raw materials for the production of smart phones in China – not to mention the anxiously anticipated effects of an even stronger globalised capitalism, manifested in political and economic tools such as Transatlantic trade treaties like the TTIP which mainly rely on real subsumption to perfect the exploitation process. In view of his objective of 'gaining access to the historically concrete',[276] Harootunian's assessment that the commodity form has not been completed everywhere becomes grotesque. His criticism of theorists who 'fail to see what clearly is around and before them, everywhere: the persisting traces of historical-temporal forms from the past, the shadowed silhouette of "living labour", and the ever present signals they emit of continuing unevenness',[277] expresses not the slightest discernible theoretical or practical interest in changing the conditions of the real capitalist predicament. To the contrary:

275 'Of course, the particularity of labour must correspond to the particular substance of which a given capital consists; but since capital *as such* is indifferent to every particularity of its substance, and exists not only as the totality of the same as the abstraction from all its particularities, the labour which confronts it likewise subjectively has the same totality and abstraction in itself'. Marx 1973, p. 296. Original emphasis.

276 Harootunian 2015, p. 38.

277 Harootunian 2015, p. 68.

this romanticising view of the 'shadowed silhouette of "living labor"' betrays his apologetic view to the capital's subsumption mode.[278] It delivers no conceptual instrument to confront the actual conditions of our historical present. Like the Anglophone Uno School's approach to the analysis of the capitalist relations of production, Harrootunian assumes an *apologetic* stance toward the present. In this framework, capitalism is no longer a *problem* – in fact, a social relation of production that must be *overcome* if humankind were to be free – but an object of discourse to be viewed more empathically, with more nuance, more 'diversely'. This is in line with the propaganda of neoliberalism, in which the concept of 'different capitalisms' – another word for 'singular contexts' of capital – serves to extenuate resistance and critical action against a clearly identified target of critique.

In sum, Harootunian's theoretical hypostatisation of an alleged realm 'outside' of capital's global dominance assumes a fetishistic attitude to the conceptual circumference of *use value* which it attempts to mobilise against value as 'the organising and synthetisising principle of modern bourgeois society' (R. Schmiede), choosing to imitate the neoliberal impetus of highlighting the 'mitigating effects' of use value-mediated cultural practices and/or 'remnants' of 'different temporalities', thereby downplaying and ignoring human suffering induced by the law of value.

Like the projects of Uno, of the value theorists of the post-Uno School, and of Sekine and Albritton, respectively, Harootunian presents a travesty of Marx's Critique of Political Economy. While the concessions to neoliberal tropes and the apologetic stance they take may be due to academic necessities – and today, the university is the neoliberal institution per se – their work presents a serious obstacle to an emancipatory struggle, which also always takes place in the realm of theory.

5.3.4 *The Fetishism of Use Value as the 'Site of Resistance'*

In his *The Sublime Perversion of Capital. Marxist Theory and the Politics of History in Modern Japan*, Gavin Walker posits a question directly relevant to our own inquiry, namely whether Uno, decisively rejecting any consequences for a

278 As can also be detected in his pledge of allegiance to an underconsumptionist approach to the phenomenon of crisis Harootunian identifies in the work of Rosa Luxemburg. Luxemburg's insistence on an 'outside' to the capitalistically organised global work market, as supply market for goods whose consumption becomes the condition of possibility for capital's valorisation and 'extended reproduction', indicating capital's immanent breakdown, also fatally ignores that 'the aim of capitalist production is never use-value', i.e. is never worker's consumption. See Luxemburg. Also see Chapters 4.2., and especially 4.4.

theory of revolution from the analysis of *Capital* 'was not … also giving up on Marx's revolutionary project?'[279] For Walker, this question must be answered in the negative, while we have seen in the previous that it is the *inadequacy* of the categories by which Uno attempts to grasp the phenomenon of capital *in contrast to Marx* that already renders the object of critique Uno addresses obscure. In accordance with our analysis, it is little surprising then that Uno disrupts pure theory from the question of revolution: capital, understood as a principally 'self-regulating' heaven, an equilibrium form of production which sees to the satisfaction of social needs does not exactly urge one to call for an overcoming of such a production form. In Walker's interpretation, however, Uno offers a 'suspension that ruptures the apparently smooth cycle' of capital, found in the concept of the '(im)possibility of the commodification of labour power' or the '*muri*' of capital which serves as capital's site of resistance. The tenet of the following critique will be to show, however, that a conceptual 'apparatus' mobilised against a particular predicament which is itself misconceived cannot help but be *itself* a faultily constructed theoretical, and hence also political, claim.

In his work, Walker follows a unique, if not to say idiosyncratic approach: rather than viewing Uno's pure theory as a conceptualisation of the 'general norms of economic life', as Uno contends in the Introduction to the 1964 edition of the *Principles*, Walker sees pure theory as capital's 'fantasy': 'Uno intervenes in theory to show that capitalism can be systematized as a pure circuit: he calls this internal dream or fantasy of capital "the world of principle", or pure capitalism' … Strictly speaking, this "world of principle" does not exist as such'.[280] As we have seen, Uno's 'purification', restructuring and condensation of the analysis in *Capital*, completely evading the *topos* of the Critique of Political Economy, is what is striking about Uno's work, as it is responsible for the shortcomings we have analysed. Walker's approach is not only different: he sees the striking feature not so much in the 'purification' of the theory of capital, but in the new positing of questions seemingly unrelated, but directly related to the 'general analysis' of capital: the national and the agrarian question. Like in Harootunian therefore, the agrarian question assumes a pivotal role in Walker's interpretation of pure theory. Let us see how Walker contextualises the agrarian question in relation to the question of the inter-relation of history and logic and the 'paradoxical' solution he offers in his interpretation of the 'muri' or the '(im)posssibility of the commodification of labour power'.

279 Walker 2016, p. 153.
280 Walker 2016, p. 164.

In his essay 'The World of Principle, or Pure Capitalism: Exteriority and Suspension in Uno Kōzō' (2012), Walker, like Harootunian, draws on Uno's *Agrarian Question* to indicate that the 'transition' from feudalism to capitalism in the nation-state of Japan did not occur 'smoothly'. To the contrary, what was perceived as 'feudal remnants' were not 'remnants' at all – they formed auxiliary means and even vital presuppositions to the implementation of the capitalist mode of production in Japan: 'The debate on Japanese capitalism, and therefore on the nature and location of the agrarian question in theory, leads Uno to a seemingly paradoxical conclusion: that the so-called "feudal remnants" were not in fact "remnants" of feudalism in the strong sense, that is, obstacles or blocks on capital's local deployment, but rather precisely the opposite …'[281]

Unlike Harootunian, however, Walker has a specific philosophical interest connected with Uno's text that goes far beyond its being a mere intervention in the debate on the evaluation of Japanese capitalism. In Walker's view, Uno's historical understanding of capitalism is here interrelated with its logical 'unfolding' as presented in the theory of principles. The historical herein provides a key to situate the logic, and even exerts 'a certain theoretical pressure on the *logical* form of capital's functioning: the role of the mechanisms or apparatuses that would allow for the development of this paradoxical relation [of the historical and logical 'impossibility' of capital] in which what should be an obstacle instead functions to buttress, to nurture, to support, to aid'.[282]

However, this 'paradox' becomes thematic in Uno's theorisation of the agrarian question only in relation to the historically inexplicable 'event' (Badiou) of the commodification of labour power – an event neither explicable by history, nor by logic, but only as something *forgotten* within the apparatus of explication delivered by the means of capitalist logic itself, and hence a '*nihil*' (*muri*) of reason. Walker: 'This is exactly how Uno will repeatedly disclose to us capital's essential dementia, a dementia that *should* arrest or obstruct its function, and yet through the formation and maintenance of these *apparatuses*, capital will be able to overcome its own demented logic *without resolving the "nihil of reason" that characterizes its inner drive*'.[283] What could this possibly mean?

According to Walker, while the three-level method (or 'schematic of three levels of analysis', as Walker prefers to call it) – designating the theory of pure capitalism, the stage-theoretical analysis of capitalist development and the 'conjunctural analysis of the immediate situation' (*genjō bunseki*) – 'seems at

281 Walker 2012, p. 20.
282 Walker 2012, p. 20.
283 Walker 2012, p. 20. Original Emphasis.

first to exclude the historical from the "world of principle", in fact Uno's work presupposes that this logical "world" is not a pure circle but a *torus*, a structure that constantly folds onto itself'.[284] Capital may present itself as a 'perfect', indeed, a 'smooth' circle, but Walker contends that the geometric figure of a torus would much better symbolise the 'hidden', indeed, the 'forgotten' agenda of capitalist valorisation. In his explication, Walker puts special emphasis on the conceptual oppositions of inside/outside (of capital's logic, respectively, history) and presence/absence to concede that Uno has worked on these oppositions so as to show the fundamentally 'irrational' or the 'absence of reason' in attempts that explain the capitalist accumulation process as a perfect circle. Capital's self-instantiation, like the famous 'course of love' Marx quotes from Shakespeare in the chapter on value-form analysis, 'never does run smooth'. Not only does capital for its self-functioning rely on a social relation *outside* of its immediate grasp – the reproduction of labour power that takes place in the sphere of consumption –, it also constantly suppresses its historical condition of possibility, the *absence* of the original commodification of labour power, in order to make its presence visible, according to Walker. Hence, with his three levels of abstraction, Uno, according to Walker, has figured out a way, or rather, a 'weapon', to show how the existence of capitalism can be grasped as a social system that is in and out of itself, logically and historically, incomprehensible:

> The analysis of 'pure capitalism' shows us that while we can determine the specifically logical drive of capital's interior motion, the *logical interior* itself is always paradoxically dependent on and coextensive with the *historical exterior* for its conditions of interiority. This paradox is expressed as the (im)possibility, the 'nihil of reason', or *muri* of the commodification of labor power, the *Ur-Akt* or *arché* of capital's logic … when Uno argues, for example, that logically the circuit of commodities and money is interrupted by the consumption process and not by the production process, he is pointing out the paradox that the historicity of social relations is always-already suspending the pure and smooth circulation process.

But where is the 'paradox'? To say that the consumption process constitutes an 'interruption' to the logical process of circulation is not paradoxical. The 'historical' in this case may be external to the 'logical' process of valorisation, but it is by no means 'paradoxical'. To claim that a logical operation hinges on factors it cannot provide itself may therefore question the status of its logicity,

284 Walker 2016, p. 153.

but is itself neither self-referential,[285] contradictory, a vicious circle, nor 'paradoxical.' That logic and history may be constitutive for each other in order to constitute a whole or to legitimise their own specific status only confirms the status of their respective exteriority. Yet they are in no 'paradoxical' positon. A paradox only appears in the logical procedure of a *self*-contradiction in a = ¬ a, but the *dependence* of the *logical* on the *historical* does not indicate such a contradiction. A paradox requires that one category contradicts *itself*, not another one. These concepts simply designate two different categories. In other words, the relation of the logical and the historical does not seem to be elucidated by the conceptual apparatus Uno's theory provides. Like in Albritton's stage theoretical elaborations, both remain external to one another and require separate theorisations. It is also implausible why the 'interruption' in the consumption process of labour power should be categorised as a 'historical' event. One might as well, and with greater plausibility, argue that the consumption process of labour power belongs to the very *logic* of capitalist reproduction, as Marx does, when he insists that '[it] is not the worker who buys the means of production and subsistence, but the means of subsistence that buy the worker to incorporate him into the means of production'.[286] We will return to this point soon.

Uno's thesis that Japan's feudal remnants served not as an obstacle, but as a support for the newly emerging capitalist system here finds another 'paradoxical' expression. According to Walker, for Uno the new economic order was already at work 'within' capitalist social relations, as 'a violence of the interior of capitalist social relations',[287] namely in the role of the proletariat:

> The rural village structure, which had formed the social basis of the ancien régime, was thus seemingly dismantled through violence, yet at the same time, *this was also in fact an expression of the planned balancing and harmonization* [sic] *of capitalist production*. The pastures, expanded to accommodate the goal of wool exports, offered raw materials to the domestic wool industry, and the peasantry, expelled from the land in pre-

285 The paradigm of the paradox remains the classic 'This sentence is false', or the Epimenides paradox according to which Epimenides, a Cretan, claims that 'All Cretans are liars'.

286 Marx 1976, p. 1004. It is possibly the gravest mistranslation made throughout the Penguin/NLR edition of *Capital* and its manuscripts: the original MEGA reads (in accord with Marx's argument at this point): 'Es ist nicht der Arbeiter, der Lebensmittel und Productionsmittel kauft, sondern die Lebensmittel kaufen den Arbeiter, um ihn den Productionsmitteln einzuverleiben'. MEGA II/4.2., p. 78. It should be the 'means of subsistence that buy the worker', not, as in Livingstone's translation, the 'means of production that buy the worker'.

287 Walker 2016, p. 156.

> cisely the same process, became the laboring proletariat, the force that spurred on the capitalist industrialization of the wool and other medieval industries, which were at that point still being managed and administered on the level of simple handicrafts. *Thus the emerging proletariat was itself used as a powerful force of pressure in order to forcibly subordinate the existing artisans to capital*.[288]

Again, what Walker here identifies as a 'basic paradox'[289] is not a paradox at all.

The proletariat emerged from the dissolution of the rural village structure that constituted the 'social basis of the *ancien régime*' when production was still organised by peasants and artisans in domestic production in semi-dependent relationships, i.e. individual producers manufacturing goods in domestic, often family labour, under the supervision of overseers. With industrialisation, this kind of labour organisation was no longer possible: on its basis, peasants were expelled from the land, the enclosure system established, and the proletariat as the 'free worker in the double sense', i.e., the wage system emerged. This process indeed did not happen 'smoothly', and it may well have been necessary to use parts of the emerging proletariat to force (wage?) pressure on the remaining artisans. However, this is not a 'paradox', but the specific form of development that the emergence of the proletariat had assumed in early sixteenth-century England. If anything, the new capitalist classes' use of the proletariat to 'forcibly subordinate' the artisans to capital, is a *logical*, *not* paradoxical strategy. It helps them to subordinate production to production on a greater scale, and therefore favours the conditions for the production of greater amounts of surplus value. For the capitalists, this is quite a logical tactic. In other words, just because a specific historical transition does not occur 'smoothly', does not imply its being 'paradoxical'. In Walker's – not so much Uno's – theorisation of original accumulation, we can detect a conceptual overreach of what it means for a certain historical development/logic to be 'paradoxical'.

The real point for Walker, however, is that capital utilises means and 'apparatuses' that make its historical conditions of production appear as part of capital's logic, internal to it: '… capital not only encloses the outside while relying on it but, more specifically, forces the outside to invert or reverse itself into the inside; it "folds" the historical exterior "inside out" so that it can function as

288 Uno 1974 (UKC 8), pp. 24–5. Quoted in Walker 2016, p. 156. Italics Walker's. '[Sic]' the author's.

289 Walker 2016, p. 156.

the putatively logical interior'.[290] But hasn't Walker just attempted to show that capital in its historical unfolding relies on something always-already *internal* to capital, namely, the 'proletariat as pressure', to mark this as the specific 'basic paradox' of capital's emergence? Is capital's emergence the result of a force from the 'outside' ('history'), disguised as 'its' inside – or the result of something 'always-already inside' (the proletariat, used as pressure)? This is never clear in Walker's conceptualisation, and we are left in the dark as to what the 'paradox of inside and outside that obtains in the volatile amalgam of logic and history in the form of capital in general' is actually supposed to indicate, or what cognitive gain it is supposed to provide.[291]

To be sure, to elucidate the 'gaps of the supposedly perfect circle of capital's self-movement'[292] is what motivates Walker's intervention and his interpretation of Uno's *muri* of the commodification of labour power. Walker views Uno's three level-method as a 'weapon' or 'device that is forcefully inserted or shoved into the situation that bears the name "capital". By ramming this weapon into capital's smooth self-definition, Uno attempts to see how capital behaves when it is forced to disclose its essence, by being purified or determined in accordance with a schema that disables capital's own techniques of insinuation'.[293] Herein, finally, consists the secret to Walker's theoretical riddle, the 'paradox' of the apparatus that makes capital's dependence on factors external to itself seem as though it belonged to the internal logic of capital itself: it is the 'elementary form of *resistance*'[294] that results from the *muri* of the commodification of labour power. With the 'historically contingent' process of original or primitive accumulation, the commodification of labour power presents itself as this weapon of *resistance*, something *defying* incorporation into capital's logic, even if capital would have us think differently.

> … the proletariat discovers that it has 'nothing to lose but its chains' only through the experience of being divorced form the land in the process of primitive accumulation and forcibly reconstituted as the owner of a single thing: labor power that can be commodified. Through the insertion of this labor-power commodity, the foundational input for capital's operation, the elementary form of resistance insinuates itself *within* the interior (capital's logic), and capital, in confronting the fact that it can-

290 Walker 2016, p. 158.
291 Walker 2016, p. 158.
292 Walker 2012, p. 164.
293 Walker 2012, p. 23.
294 Walker 2016, p. 168. Emphasis added.

> not itself produce this labor-power commodity, is forced to plug up its own gaps with the material of this resistance. Thus the proletarian outside discovers for itself the openings for the project of communism only, paradoxically, by being exposed to the weaknesses and limitations of capital from the inside: it is not a pure absence, but an 'indiscernible' element that structures the exchange between interior and exterior.[295]

Again, there is no such thing as an 'independent existence of living labour' under capitalist relations of production. The *muri* of the commodification of labour power cannot be upheld as the site of 'rupture' or 'break' (much less 'resistance') to the law of value, because it is itself *constitutive of this very law*. Walker himself neatly illustrates this fact in his discussion of the term *Umschlag*, which Marx used to indicate the transition of the *law of equivalent exchange* (between the labour power commodity and its exchange value) into the *law of appropriation* (of the unpaid surplus value produced beyond the exchange value of labour power):

> This 'inversion' or 'reversal' [*Umschlag*] arises from the fact that the use value of labour capacity, as value, is itself the value-creating element; the substance of value, and the value-increasing substance … [The worker] is absorbed and incarnated into the body of capital [*wird er absorbiert vom und inkarniert in das Kapital*] as a cause [*Ursache*], as activity [*Tätigkeit*]. Thus the exchange turns into its opposite, and the laws of private property … turn into the worker's propertylessness and the dispossession of his labour [*Eigentumslosigkeit des Arbeiters und Entäußerung seiner Arbeit*], [i.e.], the fact that he relates to it as alien property and vice versa.[296]

Because the use value of the commodity of labour power consists of living labour, i.e. of the positing of exchange value, there is indeed an 'inversion' (*Umschlag*), as Walker notices, from use value to value, but also from value (the monetary expression of the value of labour power) to use value. But it is precisely the *quantitative difference* between the value and the use value of the labour power commodity, or the necessary and the surplus labour it performs, that constitutes the *conditio sine qua non* of the capitalist production process. In other words, this inversion or *Umschlag* from the law of equivalent exchange

295 Walker 2016, p. 168.

296 Marx 1987 (MECW 29), p. 64, quoted in Walker 2016, p. 177.

to the law of appropriation *in which the law of appropriation appears as the law of equivalent exchange* does not indicate any kind of 'gap' or 'rupture' within the 'smooth circle of capital': it is the *condition of possibility* of capitalist social relations, and with it, the fetishistic gaze of its bourgeois interpreters. Marx was able to solve the riddle of the classical political economists by explaining the source of surplus value on the basis of the law of equivalent exchange. However, he also explained that the use value of the labour power capacity quantitatively (measured in socially necessary labour time) exceeds its value is the 'luck' of the money owner,[297] not a fraud. History does not impede the 'smooth circle', if anything, it *forces* it. In fact, as soon as the commodity form has really subsumed living labour under its own rationale, resistance cannot come from an imagined, 'as-of-yet-still-not-commodified' space of use value. It is precisely the process of production as the site of the valorisation process in which the subsumption of use value under value is *enacted*. Hence the *consumption process of labour power is the production process of capital*. There is no way that the use value of labour power or in fact any other use value designates 'freedom' or 'independence' (as in the phrase 'the independence of living labour') from the interests of the social relation in which it is embedded. What would such an independence look like? Where should that place be? Capital has not 'preserved spaces' in terms of use value for the theorist to claim as his little patch of land or 'weapon' to insert into its 'supposedly perfect circle'. Any heuristic of resistance or even revolution has to accept that such a view succumbs to ideology. As we have seen in Chapter 2.2., living labour is a use value for capital only insofar as it is the *mediating* activity of valorisation. Both the *objective* (means of production) and *subjective* conditions of labour (means of subsistence) confront the worker as *capital*.[298] The means of subsistence he buys are *really subsumed* into the logic of capital's valorisation process, 'to incorporate him into the means of production'. Resistance cannot come from the use value dimension of an alleged 'free realm' in which the worker can enact a supposedly not-yet-commodified 'will' or 'individuality'.

But if the aspect of use value is not the site of resistance to capital, then what is?

297 'In order to extract value out of the consumption of a commodity, our friend the money-owner must be lucky enough to find within the sphere of circulation, on the market, a commodity whose use-value possesses the peculiar property of being a source of value, whose actual consumption is therefore itself an objectification [*Vergegenständlichung*] of labour, hence a creation of value'. Marx 1976, p. 270.

298 Marx 1976, p. 1026.

To answer, let us first summarise the problem of the hypostatisation of use value as site of resistance we have found in both Walker and in Harootunian, to conclude our investigation with the contradiction (and not merely 'paradox') of the capital relation itself.

The real stakes of the problem both in Harootunian's and Walker's approaches consist in their reliance on the assumption that capital has not perfected ('really subsumed') virtually all human social relations under its own logic (a logic of *Sachzwänge*, 'practical constraints' or 'necessities'), because we can detect a failure, a rupture, a 'gap', to capital's drive to self-valorisation in notions of 'formal subsumption' (Harootunian) or 'the *nihil* of reason/the *muri* or the (im)possibility of labour power' (Walker). As we have seen, both theorisations are haunted by the spectre of resistance that the concept of *use value* seemingly provides. Particularly Walker deduces this claim from the fact that the labour power commodity has to reproduce itself in the *sphere of consumption* in which capital's circuit is allegedly *interrupted*. Here, the commodification of labour power and its reproduction as a commodity becomes a 'force' against capital, or a *muri*, an 'impossibility' in Uno's view, for the perfect totality of the production and reproduction process. Harootunian's discourse is informed by the same presumption. Despite his insistence on the importance of the site of production, his discourse being informed by Luxemburg's criticisms from the viewpoint of (under)consumption, he also retreats to the positive effect he concedes to use value against the completed value form of real subsumption. This can also be seen in his romantic affiliation with the concept of 'the freedom of living labour' that he sees not as generating the exchange relation, but as the 'radical other' of the 'unfreedom' generated by abstract labour. His critique of value form theory that allegedly 'fail[s] to see what clearly is around and before [it], everywhere: the persisting traces of historical-temporal forms from the past, the shadowed silhouette of "living labour", and the ever present signals they emit of continuing unevenness'[299] summons an empirical access to the 'immediacy' of life that fails to meet the Marxian critique at eye level, even at its most empirical. In this interpretation, living labour produces not for value (and is appropriated without an equivalent through exchange), but for *use value* that resists real subsumption into 'even' and singular trajectories, confirmed by a nostalgic view of the present that defies the reality of the hardship of billions of people in our historical time.

Moreover, both theorists more or less declare the sphere of circulation (or 'consumption') and the effects of use value as the site where capital collides

299 Harootunian 2015, p. 232 and p. 68.

with its own limits and the sphere of production subaltern to their discourse: '… when Uno argues, for example, that logically the circuit of commodities and money is interrupted by the *consumption process* and not by the production process, he is pointing out the paradox that the *historicity* of social relations is always-already suspending the pure and smooth circulation process'.[300] Second, this very understanding of the commodity and money forms – abstracted from their own conditions of possibility in the way in which *production* is organised in capitalist societies – owes to a reading of Marx's central concepts that completely sidesteps the problem of the fetish in relation to value. Here we might even draw a wider circle to incorporate not only the direct heirs of the Uno School, but also the post-Uno School of value theory in our critique. As we have seen in Chapter 5.1., Ebitsuka and Mukai, by systematically rejecting the importance of the *substance* of value in abstract labour, do not overcome the theoretical circumference of the Baileyan nominalist view of value and money. It is, however, precisely the rejection of the essential and grounding social relation – value as both a qualitative and quantitative determination – that renders their explanation of exchange relations confined to the aspect of *use value*. This is in line with their neoclassical argument of specific 'wants' of commodity owners as the motivator for exchange relations whose Baileyan implications we have already analysed in Uno.

Again, the 'paradox', 'gap', or 'outside' is not determined by the use value aspect of capitalist sociation. If anything, it is determined by the *logic of production itself*. This, we hold, is the real *Verrücktheit* – 'derangedness' or 'displacement', in Walker's idiom – that constitutes the irrationality of capitalism: the production of (surplus) value for the sake of surplus value under conditions in which people suffer 'from the dead'. It is *this* logic according to which the production process of capital undermines and negates the 'original sources (*Springquellen*) of its own wealth',[301] the exploitation of Man and nature, *regardless of needs*, that qualifies as 'mad' (*verrückt*). By no means can use value, signifying the aspect of consumption or 'specific wants' or 'needs' of commodity owners, sidestep, evade, interrupt, or deliver any means of resistance against the principles of capital's self-valorisation which is itself inherently contradictory (and not just merely 'paradoxical'). In the following, let us elucidate the concept of use value fetishism and its lopsided view of the capital relation to articulate a radically different locus of resistance to capital which lies in the concept of capital, the law of value, itself.

300 Walker (2012), p. 16. Original emphasis.
301 Marx 1976, p. 638.

In her epochal essay 'Use Value Fetishism' ('*Gebrauchswertfetischismus*') (1993), Kornelia Hafner contends that use value as a category of 'resistance and revolt', as can also be found in the works of Helmut Reinicke[302] or Wolfgang Pohrt,[303] is often owed to a conflation of use value with the category of the non-identical, as theorised by Adorno.[304] The incommensurability of the non-identical to the 'concept' (*Begriff*) then functions as the theoretical model for the same alleged incommensurability to be found in the relation between use value and value, 'use value' being identified with the non-identical or the 'thing' (*Sache*), 'value' with the concept (*Begriff*). This equivocation however is lopsided and has its basis in the misrecognition of the Hegelian dialectic as a 'philosophy of identity'. Moreover, in this strategy, the interpretation of the non-identical as 'moment of resistance' becomes the direct model for the hypostatisation of the sphere of use value as 'resisting' real subsumption. However,

> the fact that the thing [*Sache*] is not absorbed in the concept [*daß die Sache im Begriff nicht aufgeht*], even if it is made into the object of thought, may for some be an ever new stimulus for a more pronounced formation of thought while for others, who mistrust [*thought*] as a stealthy agent of capital, this fact is a soothing reassurance that its reach does not extend everywhere.
>
> Yet, by no means is it an indication for the resistance [*Widerständigkeit*] of use value in the sense of potential opposition [*Gegenwehr*], or even revolutionary activity … Even if scientific knowledge [*Erkenntnis*] has in the meantime actually been more or less subordinated to the valorisation interests of capital, the non-identical of an object does not constitute its use value dimension. On the contrary: only as known is the object available for use [*erschliesst er sich dem Gebrauch*].[305]

Similarly to Reinicke, who attempts to 'reveal the history of the subversion of the use value-side of the commodity',[306] the authors discussed here attempt to mobilise a sphere 'beyond' value, 'unsettling' the 'supposedly perfect circle of capital's self-movement' to identify it in the 'other' of valorisation, in the 'shadowed silhouette of living labour' (Harootunian), or the consumption sphere (Uno/Walker), in short, in the use value-dimension of the commodity form,

302 Reinicke 1975.
303 Pohrt 1976.
304 Adorno 1966.
305 Hafner 1993, p. 69. My thanks to Eric-John Russell for helping with the translation.
306 Reinicke 1975, p. 22. Quoted in Hafner, p. 68.

fetishising it as the site of 'resistance'. Indeed, as we have seen in the discussion of crisis in Chapter 4.4., use value *does* mark a boundary to capital, but *only insofar as it presents a 'barrier'* [*Schranke*] in the Hegelian sense, i.e. only as it makes its appearance as something *always-already vanquished* by capital itself, inducing it to re-instantiate the production process on an *extended* scale (incorporating new technologies, new labour processes and techniques, creating new areas of demand), until it *again* confronts new barriers provided by the sphere of use value, repeating the process of an ever more effective, intensified and extended procedure for the extraction and appropriation of alien unpaid surplus labour on a larger scale. In other words, use value is indeed an active ingredient of the valorisation process in production, as we have seen, not only on the side of the worker and the 'productive consumption' of labour power, but also on the side of capital: 'Capital has consumed its material with labour, and its labour with material; it has consumed itself as use value'.[307] But that does not mean that use value can in any way function *as an independent variable* within the production and valorisation process – and even less so in the process of circulation or consumption:

> Its [*capital's*] consumption as use value therefore in this case falls within circulation itself, or rather it itself posits the beginning of circulation or its end, as one prefers. The consumption of the use value itself here falls within the economic process, because the *use value here is itself determined by exchange value*. In no moment of the production process does capital cease to be capital or value to be value, and, as such, *exchange value*.[308]

Is resistance, then, impossible? We argue that it is impossible if we rely on the 'revolutionary potential' of the aspect of use value, torn from its interrelation with the totality of the capital relation, fetishised as the 'incommensurable' and hypostasised as capital's alleged 'other', thereby regressing to the illusions of bourgeois classical and vulgar political economy, which share the use value-mediating impetus of social reproduction with many modern Marxist intellectuals.

'Since Marx', Hafner argues in this context, 'it is actually well known that if one surrenders to this temptation [of de-contextualisation], one always only evokes those fetishised forms whose penetration is the actual *prerequisite* for

307 Marx 1973, p. 311.
308 Marx 1973, p. 311.

any political agency [*politische Handlungsfähigkeit*], which wants to be more than just blind [*blindwütige*] reaction'.[309] 'Actual reality' cannot be grasped in the mode of *immediacy*. The dilemma of the attempts to conceive of capitalism at eye level consists, as Hafner says, 'in *evoking* mediation and simultaneously *severing* it'.[310]

What directly follows is that *mediation* must remain the object as well as the method of critique. Marx's (labour) theory of value, the tool of that very mediation, presents not only a deciphering method or the 'Turing Bombe' to conventional political economy and its modern repercussions at the level of 'pure' theory. It is the *critical force* behind which revolutionary action can and must, indeed, be generated. Precisely *because* capital is indifferent to the private circumstances by which labourers take care of reproducing their labour power[311] and indifferent towards the specific relics of the past or 'formal subsumption' that still find their way into the contemporaneous organisation of cultural life – in sum, precisely because capital is indifferent to *use value* – the hypostatisation of this very realm of use value as site of resistance remains at the level of capital's own 'self-image', as a historical law of nature, whose aim is the satisfaction of social needs. It remains ideological. However, capital is *not* indifferent to the modes in which it can or cannot extract surplus labour, modes which it shapes in its own image. It is *here* that resistance must occur. This is the main

309 Hafner 1993, p. 82. Emphasis added.

310 Hafner 1993, p. 82. Emphasis added.

311 In this sense, M. Lebowitz errs doubly when he identifies a 'one-sided Marxism' resulting from 'the absence of the examination of the part of workers' struggles in shaping the course of the development of capitalism …' Lebowitz 2003 [1992], p. 121. For one, he misrecognises the methodological centrality (despite his insistence on the importance of method) of value's real abstraction, inimitably expressed in Alfred Schmidt's commentary that 'The one-sidedness idealistically lamented as "economism" … is an abstraction not performed by the theorist, but by social reality' (Schmidt 1968, p. 33). As argued before, the demand for acknowledging 'the goals of workers', private (i.e. non-economic) reproduction, etc. loses sight of the *specificity* of the capital relation, for its is *precisely* the 'dominance of abstraction' (money) which is capital's distinguishing feature as it constitutes the *target of critique*. Second, Marx was more than aware that resistance to capital has no other source than workers' struggle, and that, where the length of the working day became a question of equal rights, 'force', i.e. class struggle, 'decides' (Marx 1976, p. 344). But the proof of the 'righteousness' of capital's claim to the full product of the labour process – precisely what should instantiate workers' struggle – *does not result from workers' struggle itself*. To the contrary: Marx's non-empirical analysis of capital's 'self-image', to remain in the present idiom, is the *precondition* for a *meaningful organisation of class struggle*.

lesson to be drawn from reading *Capital*. *Capital* and Marx's other economy-critical writings therefore do not 'suggest' revolutionary action. They *comprise the theory of revolution*:

> It becomes clear that, when Marx hoped for the revolutionising of society, he did not think of natural-sensual qualities and needs, but of the explosive force of social relations themselves, the collapse of a mode of production based on exchange value due to its own contradictions.[312]

Indeed:

> Capital is destructive towards, and constantly revolutionises, all this, tearing down all barriers which impede the development of the productive forces. The extension of the range of needs, the differentiation of production, and the exploitation and exchange of all natural and spiritual powers.
>
> But from the fact that capital posits every such limit as a barrier which it has ideally already overcome, it does not at all follow that capital has really overcome it; and since every such limit contradicts the determination of capital, its production is subject to contradictions which are constantly overcome but just as constantly posited. Moreover, the universality for which capital ceaselessly strives, comes up against barriers in capital's own nature, barriers which at a certain stage of its development will allow it to be recognised as being itself the greatest barrier in the way of this tendency, and will therefore drive towards its transcendence through itself.[313]

Uno Kōzō's rejection of *Capital* as a revolutionary theory – or rather, as the work that paradigmatically establishes the link between epistemology and social theory – along with his reluctance to posit the problem of the fetishism as the central problem of the capitalist 'self-image', instead relying on an alleged '*muri*' of capital in the sphere of use value mediation, in short, his theory of *value without fetish*, thereby makes itself accomplice to the very logic it attempts to undermine.

But it is precisely this gap which is illusory: capital does not produce for the satisfaction of needs, it produces for profit. As long as the circle consists in this

312 Hafner 1993, p. 73.
313 Marx 1986 [1857–61], p. 337.

theoretically simple, yet, for some theorists, evasive fact, along with the global and deadly success of real subsumption that exposes its horrible grimace to us, we still have not even come close to disrupting it. The true challenge still waits for us.

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Index of Names

Adorno, Theodor W. 25n81, 26, 60, 62n, 73n27, 234–5, 467n129, 533
Albritton, Robert 12n38, 16, 59, 86n, 226n, 425, 465, 486–98
Althusser, Louis 6, 433–4, 467
Aristotle 216
Arthur, Chris 14, 37n115, 49, 53n172, 162n22, 219n185, 226n205, 227–8, 236, 273, 467

Babbage, Charles 419
Backhaus, Hans-Georg 12, 59, 212n162, 223–4, 236, 424, 428–9, 443–7, 453, 454–62
Badiou, Alain 524
Bailey, Samuel 7, 11n31, 35, 42n130, 50n158, 62, 190, 195–6, 211, 224–5, 232, 235–46, 258, 300, 330, 350, 424, 429, 439, 449, 450–2, 462, 498, 532
Bastiat, Frédéric 148, 322n173
Bellofiore, Riccardo 309, 377, 404–5, 408n428, 422, 428n110, 508n241
Benetti, Carlo 424, 427–9, 430–42
Böhm-Bawerk, Eugen von 12, 217n178, 334, 345n, 349
Bonefeld, Werner 159n12, 162, 171
Brenner, Robert 6n13, 107–9, 248n279
Brentel, Helmut 4n4, 9–10, 15n47, 24, 28–9, 40, 51n163, 56n, 88n63, 95, 195, 236–40, 256, 312n, 321, 323n180, 337, 383n348, 384n348, 460n112

Cartelier, Jean 424, 427–9, 430–42
Clarke, Simon 33n108, 112–3, 120n140, 131, 133, 208, 215, 245n270, 245n271, 309n134, 327–31, 380–2, 390, 395, 400n399, 404, 415n445, 416, 420
Colletti, Lucio 6n16
Condillac, Etienne Bonnet de 253–6

Darimon, Alfred 379, 382n344, 383
Da Vinci, Leonardo 11n31
De Vroey, Michel 432n22, 435n31

Ebitsuka Akira 59, 298n93, 424, 428n11, 429, 430–8, 444, 451, 458, 532
Ehara Kei 289n70, 356n271
Elbe, Ingo 15n47, 27, 165, 443n60, 497n214
Elson, Diane 12n36
Elster, Jon 157n7
Engels, Friedrich 17n56, 19n63, 34, 53n172, 66n8, 80n40, 97n82, 128, 265n10, 346, 379, 388, 419–20, 443n60, 445n68, 455n99, 518n270
Emmanuel, Arghiri 493
Engster, Frank 15n47, 146n230, 210n154, 247, 371–6, 437n230

Feuerbach, Ludwig 464
Foley, Duncan 471, 476, 478, 479–484
Frank, Andre Gunter 197
Furihata Setsuo 18n60, 19, 502n226

Galiani, Ferdinando 234
Gayle, Curtis 18n61, 72n25

Habermas, Jürgen 235
Hafner, Kornelia 423, 427, 533–6
Harootunian, Harry 60, 94, 423–7, 499–505, 511, 517, 519–22
Harvey, David 12n37, 13n41, 100n94, 226n205, 459
Haug, Wolfgang Fritz 443
Hegel, Georg Wilhelm Friedrich 6n16, 10, 14, 27n89, 50n157, 53–54, 86, 88n63, 97, 138n198, 275, 335n219, 370, 423, 458n107, 466n125, 467n128, 469, 476n154, 485, 509, 511, 533–4
Heinrich, Michael 9n27, 12, 28, 59, 66n8, 74n29, 80–1n40, 86–92, 97n82, 124–5, 162n22, 209n151, 227n205, 227n206, 248, 322n173, 327n191, 328n194, 332n213, 337n222, 340n, 341n, 343–4, 363, 368n306, 373, 379, 402–6, 424, 428, 443–7, 454, 458, 460–2, 470, 483–4
Hidaka Hiroshi 275n32
Hilferding, Rudolf 64, 70n15, 72, 120n140, 345n
Hoff, Jan 18n61, 19n62, 37n113, 262n6
Hoston, Germaine 17n58, 18n61, 72n25
Hume, David 38
Hyeon-Soo, Joe 76, 248–249, 262n6, 374

Iber, Christian 15n47, 165, 210
Itoh, Makoto 12n39, 13n41, 18n61, 19, 22n73, 37, 50, 51n161, 227–8, 230, 244, 245n270, 356n271, 430n15, 459, 465–6, 483n180

Jevons, William Stanley 327

Kant, Immanuel 54
Karatani Kōjin 16, 79n37, 158n10
Kautsky, Karl 6n14, 16, 64
Kawamura Tetsuji 15n49
Kōtoku Shūsui 17n56
Kugelmann, Ludwig 30n100, 192, 497
Kurz, Robert 408n427

Lange, Ernst Michael 167, 185n84, 210
Lapavitsas, Costas 12n39, 16, 22n73, 50, 51n160, 185n83, 225n201, 226n205, 232n230, 234
Lebowitz, Michael 12n39, 298n92, 318, 535n311
Leibniz, Gottfried Wilhelm 306, 292
Lenin, V.I. 6n14, 16, 70n15
Louis XV 515, 516
Lukács, Georg 7n19, 25n81, 499n216

Malthus, Thomas Robert 7, 11n31, 11n34, 35, 143, 231n224, 336
Marshall, Alfred 327n191
Mattick, Paul 297n91, 306
Mattick, Paul Jr. 74n30
Menger, Carl 327, 328n194, 329–331
Mill, James 35, 385n352
Mill, John Stuart 385n355
Mita Sekisuke 67n11, 84n51
Morishima Michio 299n99, 344n236, 345, 446n69
Moseley, Fred 299n99, 300n, 301n105, 334, 338, 344n236, 345–6, 402n405, 437, 437n43, 476, 482, 483n180
Mukai Kimitoshi 59, 424, 428, 443–53, 455
Murray, Patrick 53n172, 162n22, 227n205, 239n249, 235n219, 364, 367n304, 392n374, 506n236, 509n248, 514n261

Napoleoni, Claudio 259, 344n236, 506n237, 511

Obata Michiaki 15n49
Ōuchi Hideaki 19
Ōuchi Tsutomu 19, 275n32
Owen, Robert 35

Petty, William 37, 81–2
Postone, Moishe 162n22, 172n57, 317n161, 467, 516n267
Proudhon, Pierre-Joseph 7, 11n34, 33, 35, 53n168, 56, 231n224, 311–2, 379, 382–4, 387, 390, 441n56, 475, 476

Quesnay, François 135, 298

Reichelt, Helmut 75, 91n72, 193n105, 234, 497n214
Reuten, Geert 11n31, 13, 37n115, 38, 49–51, 53n172, 226n205, 227, 459
Ricardo, David 7, 13, 24, 33, 34–9, 42–8, 62, 76, 80n38, 81–2, 135, 143, 176n66, 194n108, 227n206, 231–2, 236–7, 239–40, 244–5, 265, 281, 300, 315n152, 318–25, 327, 333, 334, 335–8, 349, 380, 385n352, 387, 388, 394, 396–9, 405–06, 421, 447–9, 449n81, 462
Roemer, John E. 344, 485n182
Rubin, Isaak I. 7n19, 76, 171–2, 208n146, 209, 220, 239, 244–5, 434n28, 452

Samuelson, Paul 344
Sakisaka Itsurō 17n55, 18, 156
Satō Kinzaburō 443–4, 446
Say, Jean-Baptiste 7, 11n31, 11n34, 35, 44, 138, 143, 305, 320, 384–91, 498
Schmidt, Alfred 61, 95, 105, 221, 535n311
Sekine, Thomas T. 16, 16n49, 19, 21n70, 59, 86n59, 185n83, 226n205, 259, 264, 268, 288n67, 313n148, 314n149, 316n156, 318, 462–4, 465–79, 483–7, 493, 522
Shaikh, Anwar 70n15, 123, 330n202, 478
Smith, Adam 7, 11n31, 11n34, 13, 24, 28, 33–6, 37–8, 38–48, 50n157, 76–7, 81–2, 132, 132n174, 135, 168, 227n206, 279, 281, 300, 305–6, 311, 318–21, 327, 331n212, 335n220, 349, 370n309, 394, 398–9, 405–6, 451, 511n252
Smith, Neil 100
Sohn-Rethel, Alfred 7n19, 25n82, 73n28, 210n154, 234

Sraffa, Piero 299n99, 345n238, 430
Steedman, Ian 5, 6n16, 12n39, 344, 344n236, 345, 431
Steuart, James Denham 475
Sweezy, Paul 6, 70n15, 107–9, 317n161, 344n236, 345, 430

Takabatake Motoyuki 17n56
Theunissen, Michael 86
Torrens, Robert 7, 231n224, 366–7, 475
Tracy, Destutt de 35, 389n368
Trotsky, Leon 78n36, 100
Turing, Alan 11, 24, 27, 29

Vaucanson, Jacques de 515–6

Wandschneider, Dieter 31
Walker, Gavin 60, 79, 133–4, 140–6, 158n10, 423–4, 427, 499, 422–33
Walras, Léon 327, 485, 485n182
Wicksteed, Philip Henry 327n191
Wieser, Friedrich von 327n191
Wicksell, Johann G.K. 327n191
Wolf, Dieter 212, 443n61, 444n62
Wood, Ellen Meiksins 6n13

Index of Subjects

Absolute, the
  Hegelian concept of – 27, 53–4, 446, 466–7
absolute surplus-value 233, 406, 506–11, 518
abstraction, levels of 20, 42, 47, 55, 67–9, 109, 112–4, 116, 183, 286, 290–3, 363, 436, 486, 506, 525
abstract labour *see* labour, abstract
abstract labour debate 161–3
accumulation
  of capital 4, 90, 100, 115, 117, 124–5, 128, 131, 265, 295–6, 307, 361, 407, 410–4, 472–4, 493–4, 496–7
advance 26, 144, 283, 287, 301n105, 302, 341, 348, 411, 475–7
agriculture 78n36, 99, 106, 168–9, 277n38, 278, 419, 488, 502, 503n231
appearance
  and essence 3, 27, 36, 55, 62, 86–9, 201, 230, 235, 243, 285, 297–8, 310–1, 323–4, 364–6, 370–2, 438, 451, 497
appropriation 26, 37, 39, 45, 84n51, 128n164, 131–7, 145, 147, 209, 257, 267, 275, 283, 299, 325, 332, 345, 353, 369, 375–7, 380, 403, 409, 413, 426, 464–5, 470, 478, 504–5, 520, 529, 534
average profit
  rate 80, 132n174, 252–3, 274, 284, 287, 339–342, 344, 362–3, 401, 420
alienation (sale of commodities) 282–6, 366–7, 474
Althusserian Marxism 6, 433, 467
anarchist
  production of capital 128, 298
Anglophone
  interpretations of value 6, 33n108, 59–60, 430, 465
aporia 13, 34–48, 458
Arbeit (labour)
  gesellschaftliche (social) 28
  tauschwertsetzende (exchange-value positing) 28, 172
  vergegenständlichte (objectified) 45
automatic subject 170

bank
  capital 70, 78n36, 264, 269, 273–4, 282–90, 494n210
barrier
  formal – 390
  quantitative – 317
  to accumulation 134, 380, 391, 399, 504
barter (exchange) 215, 328, 385n355, 387, 396–7, 435, 454, 457
Begriff (concept) 236, 513, 533
Begründungszusammenhang (grounding/argumentative nexus) 8, 88, 105, 237
bourgeois political economy (classical political economy) 3, 7, 24, 27, 29, 32, 36, 37n115, 62, 73–4, 81, 87, 109, 151, 192, 198, 223, 227–8, 235, 333, 363, 371, 428, 506, 521, 534
bourgeois society 39–40, 73, 96–7, 110, 213n163, 215, 519, 522
bunpairon (Doctrine of Distribution) 259, 347, 466
business cycles (*keiki junkan*) 68, 115, 120n140, 121n144, 122–31, 261, 292–6, 380, 409–22, *see* industrial cycle
"buy cheap and sell dear" 89, 249–257, 285, 463, 474

capital
  accumulation of – *see* accumulation of capital
  as automatically interest-bearing force 264, 274
  bank – *see* bank capital
  circulating – 42–7, 266, 337–8, 365, 406
  circuit of – 145, 345, 523, 531
  commercial – 80, 249–53, 256n303, 257, 264, 269, 274, 280, 282–6, 347
  commodity – 46, 68, 94
  competition between 253, 283, 287, 290, 312, 347, 357n274, 514
  composition of – 43n133, 46–7, 115, 123, 292, 302–4, 339, 342, 347–8, 357, 379, 399–411, 414, 418
  constant – 26, 42, 43n132, 47, 123, 178–82, 266–8, 300–3, 309, 337, 345, 364–6, 398–401, 406–7, 476, 514

as fetish 4, 7–9, 23–8, 73, 146, 158–9, 208n146, 280, 291, 298, 339, 506–10, 515–9, 532
fixed – 42, 46–7, 120n140, 266, 337–8, 366, 380n336, 406, 409–10, 417–20, 494n210
general formula for (M-C-M') 58, 94, 247–51, 255–8, 267, 280–2, 367, 460n112
industrial – 21, 70, 83–4, 105, 112–4, 248–57, 273, 283–90, 425, 486, 494n210, 497
interest-bearing – 8–9, 14, 25–6, 62, 248, 251, 264, 274, 280–2, 287–9, 367
loan – 264, 274, 282–4, 290–1
metamorphosis of – 156, 202, 263, 386, 414
money – 4, 14, 21, 55, 58, 94, 137n193, 145, 148, 156n4, 219, 248, 267, 273–4, 283, 287–91, 300n100, 344n236, 345–6, 392
relation (relation between wage labour and capital) 8, 21n71, 22–4, 30, 40, 45, 51–2, 54, 59, 71–3, 79, 91–7, 101, 105–9, 122–6, 131, 143–4, 148–50, 248, 257, 266, 275–84, 289, 311–2, 364, 367–8, 426, 464–5, 487–8, 494, 499–505, 507, 510–7, 518, 531–4, 535n311
reproduction of – 105, 122, 159, 248, 265, 269, 291–8, 301–18, 361, 518n69
as self-valorising value 26, 94, 298, 367, 470–1
share in total social – 315, 362
subsumption of labour under – 57, 69, 95, 144–50, 181–182, 500, 504–21
turnover-time of 47, 120n, 338, 347, 399, 419
variable – 26, 42, 43n140, 47, 142, 148, 266–8, 284, 301, 309–10, 335n220, 337–8, 349, 365–6, 398, 407, 414, 476, 513
as pure form (M-C-M') 49, 58, 94, 248–50, 255–6, 258, 270, 282, 304
Capital 5, 11, 13, 16, 18, 20–3, 30, 35, 49, 66, 74, 79–81, 86, 99, 102, 114, 155, 165, 201, 210, 217, 233, 248, 261–9, 334, 345, 379, 446, 465, 469
capitalist
functioning 26, 287–90
industrial 106–7, 252n289, 287–90, 509–10
moneyed 287–91
circulation process 32, 42, 46, 88, 106, 118, 156–7, 165, 174, 256n303, 263–7, 269–74, 293–4, 299, 338–9, 342n230, 363–8, 379, 391, 489, 525, 532–4
circulation time 46–7, 285, 337, 347
circuit
of money capital 141, 145, 159, 345, 525, 532
Civil Society School 446
class struggle 84, 92, 93–4, 318, 399, 471, 483, 490, 535n311
classical political economy *see* bourgeois political economy
commodification
of labour-power 57, 61, 64, 67–71, 105, 110, 117, 126, 129–30, 134–7, 145n224, 147, 150, 248, 271, 409, 427, 440, 523–31
commodity
circulation 21, 51, 53, 96–110, 113, 157, 165, 171, 174, 188, 222–5, 233, 238, 247–56, 270–3, 282, 294, 310, 324, 342n230, 382–4, 386, 395–6, 452–3
exchange 12, 14, 31–2, 55, 72, 79, 87, 96, 102–10, 136, 143, 146, 158, 162, 168, 169n46, 172–4, 178, 183, 188–91, 196–200, 205, 210–6, 220–1, 228, 231, 237–43, 246–9, 255–7, 270–3, 291, 372, 375, 383n348, 388, 408, 428, 433, 452–3, 457, 460n112
fetish 7, 24, 73n27, 102–10, 158, 201, 224, 291
form 7n19, 21, 22n72, 36, 51, 60, 70–1, 82–3, 97–102, 104, 106n108, 110, 112–3, 158–60, 169–70, 198, 201–7, 222, 224, 233n231, 236, 242–3, 249, 255–6, 269–73, 297, 299, 369n307, 396–7, 424, 457, 501, 510, 521
owner 22–3, 55, 58, 87, 103, 157, 166, 173, 184–212, 221, 228, 232, 234–6, 239, 244, 246, 250, 297, 326, 331, 396, 440, 463
as a product of capital 178, 266, 308, 324, 333, 352, 363, 376
production 7n18, 46–7, 106, 136, 160, 164, 167, 173, 177, 197, 209–12, 233n231, 254, 271, 343n233–4, 388–98, 439n51, 440, 473–5, 480
society 74, 140, 154
communism 529

competition 43, 70n15, 80, 97n82, 172–3, 233, 253, 257n306, 267, 283, 287, 290, 296n87, 312, 327, 330, 336, 339, 342–3, 347–8, 351, 357n274, 358, 360, 370, 374, 394–5, 405–6, 416–20, 471, 476n154, 477–8, 492, 510, 514–6
composition of capital
  average – 401
  organic – 47, 115, 123, 292, 339–42, 347, 357, 379, 399–411, 518
  technical – 400, 410
  value – 302–4, 317, 340–2, 365, 400–5
compte commune (accounting unit) (Benetti/Cartelier) 435, 441
concrete labour 8, 35, 42, 56, 143, 160–83, 199–203, 218–22, 230n219, 369, 387, 438, 505n235
consumption
  private – of workers 68, 138, 316, 322, 324, 332, 392, 412
contradiction
  between labour and capital 93, 100–1, 230, 377, 389, 393, 440, 465
Contribution to the Critique of Political Economy (1859) 66, 72–4, 97n82, 383, 443n60
cost-price 7, 43, 46, 48, 73, 266, 335n220, 336, 337n222, 339–51, 354, 364–75, 475–6
credit
  capital 70n15, 80, 264, 274, 282–4, 494n210
  money 289n70, 283, 383
  system 97, 283–4, 289n70, 290
crisis
  of valorisation (valorisation crisis) 122–3, 126, 129, 133, 261, 376–80, 393–4, 515
Critique of Political Economy 3–16, 23, 33–5, 48, 60–6, 72–7, 96–8, 146, 260, 334, 424, 430, 462, 505, 522–3
Currency School 383
cycle
  industrial – 115, 130, 289n70, 410–1, 420
  periodic – 68, 139, 292–5, 415n445, 416–21

Darstellungsweise (mode of presentation) 95, 335
Debate on Japanese Capitalism (*Nihon shihonshugi ronsō*) 17–8, 72, 136n193, 424, 524
decoding machine *see* Turing-bombe
demand
  supply and – 44n135, 114, 133, 197, 268, 296n87, 297–8, 301–32, 346–62, 376, 387, 392, 395–7, 412–4, 421, 428, 463–4, 471, 497
depreciation
  moral – 418, 420
depression 68, 115, 123, 128–30, 292, 410–1, 417–8, 474, 477n155
desire/want 55, 184, 213–4, 331, 434
dialectic
  New/Systematic 13, 49, 53n172
  as method 31, 59, 86–96, 138n198, 370, 455, 467–74, 476n154, 511, 533
distribution 26, 46n142, 139, 163–7, 197, 258, 259, 268, 273–5, 281, 284, 294, 299, 308–12, 323n180, 326, 338, 348, 379, 381–2, 397, 412, 466, 483, 489
division of labour
  social – 97, 168–70, 173, 201, 233, 352–53
  in the workplace 168–9
domination
  of money 250
  of value over use-value 292
Doppelcharakter der in den Waren dargestellten Arbeit (dual character of the labour embodied in commodities) 158n11, 291
dualism 167, 180, 245n270, 246
dual system (Bortkiewicz) 344–5, 476–7

Economic Manuscript
  of 1861–63 25–6, 319, 384–5
  of 1863–65 506
economics 3, 16–9, 27, 63, 87, 158, 197n118, 226n205, 323, 326–7, 380, 385, 398, 441, 445, 463, 467, 471
Edo period *see* Tokugawa era
empiricism 253n293, 521
enclosures 91, 502
England 66, 77–9, 83–5, 91, 96–9, 105, 111, 117–9, 130, 410, 502, 527
enterprise 203, 279, 284, 420, 502
epistemology 36, 62, 73n28, 74, 79, 85, 113–4, 134, 148, 150, 234, 253n293, 267, 335, 368–71, 425, 460, 496, 536

equilibrium
general – 23, 101, 230n220, 268, 284, 297–307, 317n161, 325, 350, 385, 395–7, 425, 463–4, 468–77, 485
price 59, 128, 258, 268, 307, 329, 332, 348–50, 361, 470–8
equality 191–2, 227, 229, 278, 280, 440, 450, 477
and inequality 412n437
equivalent form of value
particularities of the – 158, 199, 201–2, 236, 369, 375, 439, 442, 449, 497
equivalent exchange *see* unequal exchange
Erkentnisinteresse (cognitive interest) 85
essence
and appearance *see* appearance and essence
exchange
of commodities 12, 14, 22, 25, 31–32, 39–40, 42–43, 45, 55–6, 67, 72, 79, 87–8, 96–7, 102–5, 109, 136, 143, 146, 158, 162, 168, 172–4, 178, 183–4, 187–91, 195–205, 210–25, 228, 231, 235, 238–41, 243–51, 255–7, 270–3, 291, 325–6, 339, 372, 375, 387–8, 408, 428, 433, 453, 460n112
explanandum/explanans
money as 41, 158, 221, 429, 438, 457, 460
exploitation 9, 23, 251, 258, 265, 267, 276, 280, 289, 296–310, 318, 322–3, 335, 351, 360, 363, 368, 382, 399–403, 426, 463–5, 478, 483, 490, 501, 519–21, 532, 536
expropriation 91–2, 96, 99, 102–5, 276–9, 501–2
extra-economic 81, 103–4, 504
extra surplus-value 365, 401

factors of production 41, 123, 331, 488
factory system 503n231
farmer 18, 47, 502, 507
faux frais of production 283
fetish
fetish-characteristic forms of value 3, 74, 178, 208, 297, 335, 364, 483
fetishism
of bourgeois political economy 3, 7, 35–7, 198, 223, 333, 363, 426, 462–4, 506
transformation problem as problem of 333–5, 342n230, 362, 363–76, 476n154
fetters 393, 416
feudalism 524
feudal remnants 18, 526
forces of production 68, 81, 84n51, 107–8, 111, 115, 118–9, 123, 128, 168–70, 377–80, 390–407, 410, 421, 472, 495, 504–9, 514–6
form
and content 4, 9–10, 13, 35–6, 49, 54–8, 161, 208, 237–9, 242–5, 360, 396, 429, 441, 460n112 *see also Formgehalt*
of consciousness 73, 368
economic – 27, 37, 52–4, 57, 62, 71, 113, 146, 210, 238, 260, 270, 277n38, 460n112
determination 33, 41, 51–4, 80, 143, 147, 163, 182, 210–1, 219, 237–8, 242–4, 250, 262, 266–71, 289, 358–60, 460n112, 494, 505, 507, 512–6
Formgehalt (form-content) 10, 15, 54, 218, 237, 245–6, 363, 429
Formwechsel (change of form) 54, 56
formal subsumption 60, 129, 149, 425–6, 499–519, 531, 535
freedom
individual 197
choice as measure of 197, 439
French Revolution 515n264

genjō bunseki (Analysis of Actual Phenomena) 21, 70, 110, 486, 524
genriron (Theory of Principles) 20, 21, 57, 61–6, 69, 80, 84, 105, 486
gensoku (general laws) 75, 271, 299, 397
The German Ideology (1845–6) 54n172, 72–3
globalization 15, 521
glut
general – in the market 394
gold
as 'value-as such' 158
ground rent 7, 34, 275n32, 276n36, 277, 280, 281n48, 293, 313, 364
Grundrisse (1857) 66, 73, 90, 96, 138, 214, 237, 239, 319, 378–9, 381–5, 387n362, 391, 402, 419, 440, 445–6, 491, 501

historical materialism 63, 64, 73, 76, 112, 499
historicist turn
in the interpretation of *Capital* 444–6, 454–8

historicity 525, 532
historiography 93
hoarding 91, 95, 105, 247–9, 512
household
  labour 322n173, 392n374
  reproduction 322, 332, 392
hybrid forms of subsumption 426, 521

ichidankai kakumei ron (theory of a one-step revolution) 18
Idea
  Hegelian 53–4
idealism
  German 469
Ideology 36, 73, 76, 330n204, 433, 436, 494, 499n216, 530
immanent critique of
  Smith and Ricardo 48
incarnation 14, 87, 192n104, 215, 216n176, 232, 291, 429, 438
individualism
  methodological – 23, 58, 103, 184–8, 202, 232, 235, 244, 327, 331–2, 463
industry
  heavy (large-scale) – 18, 78n36, 111, 118, 120, 169–70, 258, 348, 419, 494n210, 509
  hospitality – 348
  textile – 16, 257, 353, 488n189, 515, 516n267
  wool – 111, 526
infinite
  appetite for surplus value 166n35, 377, 515
inflation 384, 472
interest-bearing capital 8–9, 14, 25–7, 62, 248, 251, 264, 274, 280–2, 289–90, 367
interest rate 78n36, 287
International
  Second and Third – 6
inversion 7, 40, 158, 168, 187, 190, 198, 200–3, 205, 208–16, 225, 236, 243, 297, 367–71, 437n42, 464, 468, 479, 529
Iwanami Shoten (publisher) 18n60, 20, 259

Japanese Communist Party (*Nihon Kyōsantō*) 17–9
Japanese Marxism 17, 156
Japan
  as late developer 78n36, 118, 278, 501–3
joint-stock company 494n210

junsui shihonshugi shakai (pure capitalist society) 21, 69, 409

kachi hōsoku (law of value) 22
karōshi ('overwork death') 519
Keizai genron (*Principles of Political Economy*) 20, 64, 155, 259, 424
keizai gensoku (general laws of the economy) 75, 271
keizai hōsoku (specific laws of the economy) 61n2, 75, 291
Kōza-ha (*Kōza faction*) 18, 72
Kyōsanshugisha Dōmei (*Communist League* or *Bund*) 16

labour
  abstract – 8–11, 12n36, 27–30, 35, 42, 49–52, 56, 96, 133, 159–184, 199–203, 218–37, 242, 258, 272–3, 297, 333, 359–61, 369, 387, 432–3, 438–50
  commanded (Smith) 40–5
  concrete – 8, 35, 42, 56, 143, 160–83, 199–203, 218–22, 230n219, 369, 387, 438, 505n235
  dead – 165, 172–84, 258, 337, 465, 508n241, 514–5
  immediately social – 369
  living – 8, 46, 137, 144–9, 165, 174–81, 258, 279, 295, 315, 319, 323, 325, 393, 463–5, 484, 515–7
  monetary expression of – (*see also* MELT) 142, 148–50, 230, 242, 315n152, 334, 345, 481, 529
  new (current) – 122n144, 181
  past – 143, 174–82
  power shortage 115, 123–31, 415n445
  private – 55, 162, 166, 192n104, 200–2, 297, 369, 386, 429, 432, 437–443, 449–50, 514
  surplus – 42, 131, 182, 257, 268, 276, 296, 301–4, 308–16, 322–3, 345–7, 363, 377, 379, 393, 413, 426, 440, 478, 505, 514–5
  transhistorical – 161–7, 230, 261n4, 270
  twofold character of – 291
  physiological – 160–3, 227n207, 428, 447, 450
labour time
  socially necessary – 11, 25, 30, 43–8, 124, 142, 146, 168, 171, 180–2, 191–197, 235,

258, 268, 314–7, 321, 325, 332–3, 339, 348–9, 355, 358, 374n321, 384, 470–3, 478, 489, 510, 514, 540
labour process 30, 108, 138, 170, 175–6, 180–3, 233, 245n270, 271, 395, 505–13, 518, 534
labour theory of value
as Marx's key heuristic 11, 279, 371, 425, 430
as method 12–13, 22, 24–30, 33–7, 48–60, 88, 193, 341, 462, 465, 535
as Turing bombe (decoding device) 11, 24–30, 535
Labour-Farmer group (*Rōnō-ha*) 18, 72
land
immobility of – 108
private ownership of – 275–8
landed property 96, 97n82, 273–81
law of immiseration 68, 116–26, 135
law of population
peculiar to capitalism 119, 125, 292, 409–12
Law of the Tendency of the Rate of Profit to Fall (LTRPF) 297n88, 377–9, 398–409, 416, 421–2, 489
law of value 19n63, 22–4, 45, 55, 58, 64, 73n28, 74, 79, 81, 114–5, 128–31, 147, 168, 265, 284–5, 297–333, 347–50, 358–60, 376–422, 425, 464–5, 470–9, 487–93, 496–8, 504, 507, 529–32
Leitmotiv 5
lending
of capital 287, 289
of money capital 288
liberalism 20, 111–3, 425, 486, 494
limit
to the dialectical presentation 79, 86–96
logic
of capital 59, 85, 112, 134, 425–7, 468–78, 485, 495, 514, 524–36
of presentation 276n36, 485
Logic (Hegel) 86, 88n63, 95, 138n198, 465–7

machinery 46–7, 121, 122n144, 175, 178–9, 389, 406, 418–9
macro-monetary approach 334, 345, 477n156, 483n180
manufacture
birth of – 169, 516n267
and the division of labour 169
Marchands, Salariat, et Capitalistes (1980) 433–45
marginalism
methodological framework of – 57, 325–32
marginal utility 314, 325–32
market
capitalist 197, 466, 474
free 329, 440, 494
labour – 122, 477
prices 7, 80, 133, 266, 308, 317, 320, 324–325, 332, 339, 347–61, 370, 417, 477, 484
value 308, 320n170, 324–6, 329, 339, 343, 346–9, 351–61, 368n306, 417
Marx after Marx (2015) 425, 499, 505
Marx after Sraffa (1977) 430n116
Marxism
algebraic – 345, 446
Althusserian – 6, 467
Analytical – 5, 12, 157, 226
Hegelian – 467, 499n216
orthodox – 28, 64, 445–6
traditional – 57, 446, 467
materialism
historical – *see* historical materialism
means
of circulation 56, 225n203, 247–9, 379, 383–4, 396, 429
of consumption 299, 301, 310, 316, 343, 382
of production 79, 91–2, 103, 105, 115, 128, 130, 136–8, 143, 149, 160, 170–81, 208, 233, 247–8, 268, 271, 273, 276, 295, 299, 301–4, 308, 310, 331n212, 343n233–4, 347, 358, 388n367, 406–7, 412, 430, 432n22, 439n51, 481, 485, 507–8, 526, 530
of subsistence (wage goods) 44, 115, 126, 137, 140–50, 166, 169–70, 254, 306–9, 314, 320, 353, 502, 526, 530
Meiji-Restoration 18, 502
MELT (monetary expression of labor time) 230n220, 334, 471, 476, 479–85
mercantilism 20, 70, 105, 109–13, 486, 494–5
merchant
capital 21, 58, 67, 70, 96, 102–12, 137n193, 169, 247–58, 267, 277, 286–90, 425, 463, 486, 494
capitalism in England 96, 105
profit 252–3, 286

metaphor
of labour as the substance of value 37n115, 50
of base-superstructure 112
method
form-genetic – 54
logical-historical 94–5, 224n196, 249, 422, 443n60, 446, 455, 467
of critique 3–60, 86, 96, 279, 285, 333, 503, 535
of inquiry 334, 362, 371
of form theory (*keitairon no hōhō*) 15, 155–9, 358–62
trial-and-error – 197n118, 468
Methodenstreit (dispute on method) 443n61
Methodology of Political Economy (*Keizaigaku hōhōron*) (1962) 63–6, 72, 76, 96, 116, 219, 269, 277, 355
methodological individualism *see* individualism, methodological
micro-dynamics
of competition 477
mode
of inquiry (*Forschungsweise*) 95
of presentation (*Darstellungsweise*) 4, 79, 94–9, 260, 290, 365
of production 3–9, 15, 23–4, 30–8, 49, 51n163, 55, 62–3, 67–81, 84n51, 85–92, 99, 101, 106–9, 116, 120, 125–8, 129n164, 134–9, 144, 157, 181, 197, 236, 247–8, 252–7, 261, 265–6, 272, 276–7, 285, 323–7, 368–9, 377–82, 383n348, 384–413, 421–8, 434, 442, 456, 462–6, 471–2, 486–97, 501–20, 524
of the appropriation of surplus value 131–4
of social formation 62, 79, 188, 432–3
fetishistic – of existence 27, 106, 142
modus operandi 4, 62, 67, 79, 135, 139, 146, 408, 479–85
monetary
approach 59, 345–6, 423–62
surplus value 23
monetary circuit 345, 525, 532
money
and the transformation problem 136n193, 249, 267, 333–4, 344–6, 463, 471, 479
as general social form of labor 228n221, 244, 250
as independent existence 27, 229–30
as measure of value 27, 41, 55, 145–7, 200, 225–31, 239–42, 247, 358, 371–84, 393, 438n46, 451–60
as means of circulation 233
as necessary form of appearance of value 14, 27–9, 55, 86–9, 162, 190, 198–9, 208–12, 216–8, 230–5, 242–7, 311, 369, 461
blind spot of – 144
capital 4, 14, 21, 55, 58, 94, 137n193, 145, 148, 219, 248, 267, 273–4, 283, 287–91, 300n100, 344n236, 345–6, 392
circulation 56, 89, 105, 222, 233, 247, 249–50, 270, 273, 294, 299, 301, 309–11, 379, 382-6, 395, 408, 429
commodity 55n175, 202, 214, 222–4, 255, 288, 441, 450, 453
credit 290, 383
fetish 51n161, 55, 147, 157–9, 178, 192, 224–6, 229, 232–5, 242, 439–42
form 14–5, 21, 26–9, 35, 37, 48–55, 86–9, 134, 142, 146–7, 158–9, 163, 167, 178, 183–4, 190–2, 202–26, 228n211, 229–44, 254, 271, 310, 326, 369, 383–4, 387, 428–30, 436, 441–5, 452–3, 458–61, 481n172, 482, 532
functionalist understanding of – 51n160, 157, 159, 223–5, 441
money-making – 27
nominalist understanding of – 58, 157, 223, 224n196, 429, 438, 442, 449, 458, 462, 532
substance of – 55, 178, 183, 223, 438
symbol theory of – 429, 436–7, 441, 458
without value 231
Money and Totality (2016) 345
Money as Measure, Means, and Method. Calculating with the Identity of Time (2014) 371
monopoly 70n15, 149, 276, 383
muri (impossibility) 140, 145n224, 147, 159, 333, 392n378, 427, 523–5, 528–31, 536
mystification
increasing – 8, 14, 280, 505
real – 216n176, 517

natural
limit to export 169, 511
powers 273, 276
nation-state 107, 494, 520, 524
national question 523
necessary
socially – labour time *see* labour time, socially necessary
means of subsistence 44, 309–14, 320
needs
levels of 127
satisfaction of 22, 104, 109, 215, 307, 331, 352, 434, 463, 523, 536
neoliberal
Harry Harootunian 426, 504, 519–22
tropes 522
neo-Ricardians 299n99, 344n236, 430–3, 447, 462
net product 481–4, 502
Neue Marx-Lektüre (NML) 12, 59, 224n196, 424, 427–8, 443–6, 459, 462, 467, 497n214
Neuwert-Zusetzung (new or added value) 181
New Interpretation (NI) 334, 425, 476–7, 484, 485n182
New/Systematic dialectic *see* dialectic, New/Systematic
nexus
between the essence of the capital relation and its forms of appearance 58, 62, 198, 266, 311, 364
between value and fetish 4, 60, 455–9
Nidankai kakumei ron (theory of two stage revolution) 18
Nihon kyōsantō *see* Japanese Communist Party
Nihon shihonshugi ronsō *see* Debate on Japanese Capitalism
nominalist theory of money 58, 157, 223–4, 429, 438, 442, 449, 458, 462, 532
non-equivalents
exchange of – 253, 256, 298, 322–5
non-Western Marxism 6
nothingness, being and 53, 138n198

obfuscation 8–9, 26, 161, 208, 289, 369, 508
objectification
of abstract human labour 216, 232
object
of cognition 4–5, 85, 110–4, 197
of investigation 20, 33–6, 54, 59, 76, 221, 486, 512–7
specific economic – 76, 119, 441
objective
forms of thought (*objektive Gedankenformen*) 27, 237
law of exchange relations 308
old discourse 444, 448–450, 454–9
organic composition of capital (OCC) 47, 115, 123, 292, 339, 342, 347, 357, 379, 399–401, 405–7, 410–1, 518
original
accumulation 66, 79, 90, 96, 118, 527–8
see also primitive accumulation
consumption 119, 137, 148–50
sin of conventional political economy 91, 459–62
Outlines to the Agrarian Question (*Nōgyō mondai joron*) (1965) 501
overproduction
of commodities 316, 385, 388–95, 399, 408

paid labour 42, 131, 144, 196, 321, 349, 361, 412–3, 470, 482
paradox 80–5, 142, 163, 213, 327, 427, 524–32
particularities
of the equivalent value form 7n19, 158, 236, 439n49, 442, 449
passive constraint
of use value 312–8, 324–5, 361, 491
pauperism and pauperization 120–5, 353, 400, 411, 414
peasant 92, 96, 169, 277n38, 279, 502, 507, 526–7
phase
prospering/widening 292, 410–1, 418–20, 474, 491
deepening/depression 123, 292, 410–1, 417–8, 474, 477n155, 491
philosophy of identity (Hegel) 533
physical distribution 163
polarity between the relative and the equivalent form 56, 184–5
polarisation of capitalist society 416, 422
political economy
classical *see* bourgeois political economy

neoclassical – 3, 17, 32–6, 157, 351, 385, 430–4, 441, 463
vulgar – 7–11, 24, 35–6, 73, 260, 267, 298n92, 323, 498, 506, 534
political Marxism 6
Popular Front Incident (*Jinmin sensen jiken*) 18
postcolonial
attempt to 'provincialise' Marx 504
precondition
for exchange 103, 188, 210, 228, 453
for the realisation of surplus value 304, 316
historical – 92, 248, 275–7
pre-critical standpoint 113
pre-established harmony 292, 305, 465–6, 471, 485
premature introduction
of the labour theory of value 12–3, 21, 49, 56, 165, 178, 219, 269, 446
premonetary theory of value 55, 212n, 230, 443–8, 453, 457–9
presentation (*Darstellung*) 95, 335
presupposition
Baileyist 232, 243
presupposed totality 29, 32, 52–5, 192
unproven – 25, 30, 113, 196, 232
presuppositionlessness 49–53, 228
price
cost – 7, 43–8, 73, 266, 335n220, 336–51, 354, 364–75, 475–6
formation 246, 251, 470–1
determination of – 41, 312, 326–30, 346–9, 356n271, 360, 371–5, 431
market – 7, 80, 133, 266, 308, 317, 320, 324–5, 332, 339, 347–61, 370, 417, 477, 484
natural – 41, 44, 48, 320n169, 321, 349n248
of production 7–9, 37, 40–8, 61, 240, 251–3, 258, 266–8, 286, 308, 332–76, 398, 421, 431–2, 463, 470–85
relative – (Smith) 39–41, 240, 321
sales – 252, 266, 286, 316, 339, 367, 475–6
system 341–4, 351, 431–2
-value divergence 230n220, 341, 343n233, 344, 350–2, 359, 470, 478, 482
primitive accumulation 57, 66–7, 77–9, 91–105, 110, 118, 247, 276–9, 494, 501–3, 528
Principles of Political Economy (*Keizai genron*) (1951–52) 17n55, 20–2, 58, 63–9, 102–6, 157, 258, 259–422, 424
Principles of Political Economy and Taxation (1817) 42, 43n133, 176n66
private labour *see* labour, private
Problembewusstsein (problem consciousness) 5, 13, 429
Problemstellung ("*problem setting*")
Marx's 61, 86, 112, 158, 187, 463–5, 503
process
of consumption 68, 126, 137–46, 322, 525–6, 530–4
of exchange 8, 14, 31–2, 50n158, 56, 67, 88, 102, 136, 141, 156, 163, 171–4, 178, 184, 186n84, 188, 200, 210–6, 220–1, 238–9, 251–5, 311, 322, 328–32, 387, 453, 457, 460
of exploitation 251, 258, 521
production and valorisation – 113, 126, 134, 142–50, 171n54, 172–8, 181–2, 261, 266–8, 375–81, 391, 404, 440, 495, 507, 521–5, 534
product
seisanbutsu 138
production
agricultural 106, 316, 394n380, 488, 502
and distribution of surplus-value 26, 139, 323n180, 338, 342, 489
capitalist – process 9, 15, 24–30, 68, 71, 126, 133–49, 163–5, 170–3, 178, 182, 192, 265, 272, 278, 295, 298–9, 350, 359, 380–98, 463, 506–18, 529
category of – 272, 280, 363, 369, 428, 450
disproportionate – 394
doctrine of (*seisan ron*) (Uno) 30, 259, 271–3, 297
domestic – 481, 527
factors of – 41, 123, 331
forces of – 68, 107–8, 111, 128, 170, 377–80, 390–410, 421, 472, 495, 504, 507–9, 514–5
form of – 8–10, 26–9, 90, 108, 122–5, 138–42, 147, 165, 174, 233, 257, 260, 271–3, 390, 423, 506, 523
mode of – *see* mode of production
of absolute surplus value 233n231, 506–11, 518

of relative surplus value 108, 144, 323n180, 347, 356–7, 378–9, 399–400, 408, 426, 474, 491–5, 504–19
prices *see* prices of production
process of capital 22n72, 136, 180, 233, 243, 248, 252, 264, 272–4, 322, 326, 375, 428n111, 532
proportionate – 394
relations of – 4, 29, 32–6, 55, 62, 67, 71, 76–8, 87–8, 91n72, 95, 98–9, 106–13, 147–51, 173, 183, 208–9, 215, 221, 232, 238, 312, 333, 363, 375, 407, 429, 472, 486, 502, 512, 518
self-sustainment of capitalist – 298
sphere of – 37, 48, 55, 281n48, 291, 314–7, 324, 339–42, 347–52, 360, 362, 504, 532
stage of – 121, 142–3, 188, 357, 393
technology 144, 432, 508
Production of Commodities by Means of Commodities (1960) 430
production price system (*seisan kakaku taikei*) 431
productive
consumption 353, 534
powers 407, 418–20, 502, 508
productivity of labour 119, 191, 281n48, 296n87, 306, 352, 400, 404n413
profit
concept of – 43, 336, 339, 364–9, 400n399
as *deus ex machina* 43
entrepreneurial – 7, 284
rate 41–7, 58, 70n15, 80, 131–4, 141, 172, 251–8, 266–8, 274–9, 284–7, 291–2, 324, 333–50, 358, 362–79, 398–409, 417–22, 431–2, 477–9, 489
profitability
objective of maximum – 139
proletariat
new Japanese – 504
propensity to exchange (Smith) 167
property (physical)
landed 96, 97n82, 273–81
private 103, 208, 275–8, 382, 529
property (of things) 167, 199, 201n127, 217–21, 240–2, 330–2, 461n115, 530n297
prosperity phase 292, 410–1, 420, 474
provincialization 504
purchasing power 225–6, 240, 332, 377
pure capitalism (*junsui shihonshugi*)
theory of – 14–34, 61–151, 155–9, 245, 259, 271–8, 288, 396, 414–6
pure theory
externalization of – 493, 496
pure circulation forms 105, 174, 294

quantification
in the process of exchange 142
as labour time (social labour) 438
of social relations 145
quantity
physical – of outputs and inputs 299n99, 300n100, 301n105, 344n236, 345, 431, 433
of labour 11n30, 40–8, 131, 176, 179, 194n108, 231, 319–21, 337, 451
treatment of – 190
quantitative
model 28, 452
expressions of the law of value 317
expression of value 28, 190–4, 229, 240
qualitative
character 302
form 28

rate
general – of profit 41–3, 46–7, 80, 253, 258, 277–9, 284–6, 291–2, 324, 335–9, 342, 347, 401, 407, 431
of interest 78n36, 287–90
of profit 42–3, 47, 70n15, 80, 134, 252–3, 268, 284–7, 336–50, 362–8, 374, 379, 398–409, 417–22, 431
of surplus value 267–8, 322n173, 335n220, 339, 347–8, 364, 368, 374n324, 379, 401–5, 410, 432, 514
value – of profit 340, 344, 349, 368
rational choice 202, 329, 464
rationale (*Begründung*) 79, 312, 458, 460n112, 491, 530
rationality
economic – 215, 326, 329
rationalization
industrial – 418
Realabstraktion (real abstraction) 25, 69, 114, 145–6, 234, 425, 497, 535n311
real subsumption 57, 60, 69, 108, 111, 129, 144–50, 378, 425–6, 498–537

realisation crisis 402–8
realised capital 82
reconstruction of *Capital* (Uno) 22–3, 58, 261–9, 287
redundancy of labour 123–8, 295, 414–5, 422, 472
Reflexionslogik (logic of reflection) 53
reification 5n6, 10, 75, 442
relation
  asymmetrical – 440
  symmetrical – 440
relational-quantitative approach to value and money 244
relative surplus-value 101, 108, 115, 144, 323n180, 356, 378–9, 399–400, 408n426, 417, 491, 495, 504–19
religion
  bourgeois production as –397
renewal
  of fixed capital 120, 123, 380n336, 409, 417–22
rent
  concept of – 273–81
repulsion
  of labour 123, 295–6, 415–6
reproduction
  expanded 265, 295, 298–304, 317, 398, 410
  of workers 44, 71, 140–51, 294, 315–25, 413
  perfect balance of – 308
  schemes 265, 269, 309n136, 301–6, 311–3, 333, 405, 408n426, 419, 511
  simple – 120–2, 263, 298, 301–4, 309, 311, 317, 511
  social – 23, 43, 61, 101, 129, 143, 146, 155, 157–9, 253, 258, 261, 265, 297–300, 304–11, 315, 322n173, 324, 326, 350, 352, 360–2, 391–7, 422–5, 463, 468, 510, 534
  theory 155–7, 261, 265, 269, 293, 324, 380, 385
resistance
  elementary form of – 528
  to capital 60, 150, 392n374, 423–4, 427, 520, 530–5
resources
  physical – (*butsuryō taikei*) 431
Results of the Immediate Process of Production (1863–64) 504
revenue 41, 131, 264, 279–81, 289, 300, 311, 317–9, 331, 413
revisionist school 64
revolution
  bourgeois 18
  digital 492
  French 515n264
  Industrial 105, 111, 121
  of production 257, 382, 399, 514, 516, 518
  Russian 17, 78n36, 490
  theory of – 416, 423, 523, 536
Ricardian school 36, 162n22, 244
Ricardo's method 47, 406
Robinsonade (Robinson Crusoe Story) 160–7, 270
rōdōryoku (labour power) 127, 135
Rōnō faction 18, 72
ryūtsūron (doctrine of circulation) 21, 30, 102, 259, 262, 264

Sache (thing) 513, 533
sandankairon (Three-Level Method) 21, 57, 59, 61–114, 278–9, 425, 486–7, 498
satisfaction of needs 22, 104, 109, 215, 307, 331, 352, 434, 463, 523, 536
Say's law 305, 384–91
scarcity
  relative 328
Schein
  realer (real semblance) 33
schemes of reproduction 269, 309n136, 301–6, 311–3, 333, 405, 408n426, 419, 511
Science of Value (1991) 444, 460
Second World War 11, 17, 136n193, 445
seisanron (doctrine of production) 30, 259, 271–2, 297
seisan kakaku taikei (production price system) 431
self-sustenance 159, 169, 317n161, 331, 398, 410, 485
self-regulatory production 22
separation (*bunri*) 435
sequential determination 345
serfdom 108
Setzung (positing) 88
shōhinka (commodification) 82, 135
silk
  as an export good 502n22
  manufacturing 257, 502–3
  raw – 502n226
simultaneous determination 345

simple circulation 32, 48, 51–6, 88, 150, 238, 385–6
simple exchange process 31–2, 62, 67, 74, 173–4, 178, 183
simple reproduction 120–2, 263, 298, 301–4, 309, 311, 317, 511
simplification
de-skilling 165–72
social
demand 268, 291, 299, 308, 316, 332–3, 350–3, 357, 361, 397, 473, 478
dimension of abstract labour 162–5
evaluation (Ebitsuka) 432–5
form of labour 8–10, 24, 28–9, 33–8, 47–8, 54, 57, 76, 147, 161–3, 166, 202, 216, 233, 237, 246, 272, 291, 297–9, 306, 359, 363, 369, 429, 437–9, 456, 461–4, 483
function of abstract labour 165–8
labour theory 24–9, 38–40, 281, 459
power (*gesellschaftliche Macht*) 208, 362
reproduction 23, 43, 61, 101, 129, 143, 146, 155, 157–9, 253, 258, 261, 265, 297–300, 304–11, 315, 322n173, 324, 326, 350, 352, 360–2, 391–397, 422–5, 463, 468, 510, 534
substance of value 8–11, 36, 48, 171, 227, 236–8, 359, 438, 448–9, 460, 482
Social Reproduction Theory 155–9, 258, 265, 300, 324, 360, 380, 385
socialism
Proudhonian 382, 387, 390
society
members of – 32, 88, 166, 329, 436
medieval – 169, 260, 502, 516n267
sphere of
consumption 126, 150, 316, 427, 525, 531–4
exchange 48, 183, 228, 437, 461, 517
production 37, 48, 55, 281n48, 291, 314–7, 324, 339–42, 347–52, 360, 362, 504, 532
Sraffian 431, 433, 438, 345, 441
stage theory (*dankairon*) 20, 69, 69n, 486–7
Weberian framework of – (Uno) 85
state
form of the – 18, 97
Stalinism 15, 19, 173
Stock 39–41, 118, 132, 284, 292, 311, 492n202
subjectivity
overgrasping 53–4
substance
jittai 155, 359
of money 55, 178, 183, 223, 438
subsumption
formal 60, 129, 149, 425–6, 499–519, 531, 535
hybrid forms of – 426, 521
terminology and theorisation of – 181, 426
real 57, 60, 69, 108, 111, 129, 144–50, 378, 425–6, 498–537
superstructure 72–4, 112
supply
and demand 44n136, 114, 133, 197, 268, 296n87, 297–8, 301–32, 346–62, 376, 387, 392, 394n380, 395–7, 412–4, 421, 428, 463–4, 471, 497
as a particular sum of commodities 352
of labour power 68, 131–4, 292, 380, 409–16, 421–2
surplus
aggregate 308, 370n309, 372, 477–82
origin of – 139, 251, 257, 268, 406, 470, 510
labour, unpaid 409, 426, 495, 505, 512, 520, 534
labour, hunger for – 515
population 67–8, 115–25, 127, 134, 292–6, 403, 410–1, 414–5, 422
profit 42–3, 266–8, 275–9, 281n48, 356, 395, 417
surplus value
accumulation of – 108, 137, 209, 303, 307, 318
conceptualisation of – 474
origin of – 251, 257, 268, 470
particular forms of – 34, 356
production of – 23, 26, 134, 142, 163, 182, 295, 342, 348, 371, 388, 392, 404, 439, 463, 492, 513, 532
rate of – 267–8, 322n173, 335n220, 339, 347–8, 364, 368, 374n324, 379, 401–5, 410, 432, 514
realisation of – 115, 134, 307, 316, 390–1, 403–8, 491–2, 504, 512
relative – 101, 108, 144, 323n180, 347, 356, 357n274, 378–9, 399–400, 408n426–7, 417, 426, 474, 491–5, 504–14, 518–9
total – 252n289, 253, 344, 373, 477–8, 484n180
Sydney-Konstanz Project 5n8

symbol theory of money 429, 436–7, 441, 458
system
dual – (Bortkiewicz) 344–5, 476–7
enclosure – 527
of production prices 340–4, 431–2
value-price – 341–4, 351, 431, 476
wage – 148–9

tautology
tautological character 36, 40–4, 49, 57, 94, 100, 228–31, 307, 321, 352–4, 470, 484–6, 493
taxonomic order (Uno's structural deviation) 275
technological
change 401, 510
innovation 129, 507–10, 515
technology 25, 144, 401, 432, 508
temporality 94, 426–7, 500, 520–2
tendency
irreversible 122–3, 129
The Poverty of Philosophy (1847) 234
The Sublime Perversion of Capital (2015) 427, 522
The Types of Economic Policies Under Capitalism (1936) 21n70, 63, 85
The Wealth of Nations (1776) 38–41
theory
equilibrium – of value 22–4, 59, 230, 258, 297–300, 307, 332, 376, 395–6, 428n11, 463, 470–1, 476–8, 484n180
labour – of value 11–4, 21–60, 72n23, 74, 88, 157, 172–83, 193–6, 218–33, 256, 267–9, 281, 317–26, 334–41, 345, 351, 376, 407, 424–33, 442–64, 470–1, 476–85, 535
marginalist – 57, 157, 306, 325–32
of abstract labour (*chūshōteki rōdō ron*) 432
of crisis 61, 131–4, 292, 296, 376–84, 389, 402–9
of materialised labour 45–6
of surplus value 43n132, 74, 215, 251, 335, 360, 379, 439
pure – 20–1, 57–8, 61–9, 77–85, 102, 110–51, 156, 233, 245n270, 259, 275n32, 277–9, 284, 288–91, 323, 329–30, 422, 423, 463, 486–8, 495–8, 523
Theory of Crisis (*Kyōkōron*) (1953) 409n430, 411n435
Theory of Moral Sentiments (1759) 38
Theory of Value (*Kachiron*) (1947) 19, 22, 58, 155–258, 269, 424
The Political Economy of Capital (*Shihonron no keizaigaku*) (1969) 61n2, 64, 126, 202
Three Level-Method (*sandankairon*) 20–1, 57–9, 69–114, 425, 486–7, 498
three sources of revenue (Smith) 41, 279–81, 300, 331
third thing (*tertium comparationis*) 182, 200, 217–29, 232, 239–41, 244, 326
time
labour – 11, 25, 28, 39, 44, 126, 142–4, 163–8, 172–6, 180–2, 218, 230–31, 243, 247, 299, 307, 314–22, 348–53, 378, 470–3, 478–85, 489
total social labour – 180, 314–6, 535
Tokugawa era 16, 18n59, 231n225
totality
of capital 52, 137, 275, 468, 501, 534
of social production relations 29
Transatlantic Trade treaties 521
transition
conceptual – 368
transferred value 176, 179–81, 321
transformation
dynamic – 495, 507–10, 514
of production 108, 514
of quantity into quality 372, 509
problem 28, 268, 332–76, 471, 476n154, 479, 483
transhistorical laws of production (*keizai gensoku*) 75, 271
transhistoricity 159–65
Trinity Formula 9, 41, 74, 279–81, 300n100, 326, 369
TSSI (Temporal Single-System Interpretation) 344n236
Turing Bombe 11, 24–30, 535
turnover period 347, 419
Types of Economic Policies Under Capitalism (*Keizaiseisakuron*) (1936) 19, 21n70, 63, 85

Umschlag (reversal) 54, 529
Umschlagen von Quantität in Qualität (conversion from quantity to quality) 510

underconsumption 377, 389n, 404–408, 522n
unequal exchange 42, 44, 57, 255, 257, 363, 369, 449n81, 463, 467, 493
uneven development 66, 77–8, 96–110, 117, 426, 494, 499–503, 519–21
uniform social labour 448–9, 460–1
unity
of production and circulation 25n83, 269, 363
of the labour and the valorisation process 174–6, 181, 507
universal equivalent 55, 192n104, 208, 211–3, 218, 235, 383, 436–7, 444, 452–4
universality 100, 212
Uno-Riron: a Japanese Contribution to Marxian Political Economy (1975) 465
Uno-school
Anglophone – 59–60, 85, 423, 462–537
Orthodoxy 424, 445–6
post-Uno-school 12n39, 59, 423–62
unpaid
labour 9, 23, 131, 134, 144, 182, 257, 261, 265–6, 298, 315, 332, 350, 360–2, 369, 412–3, 463, 470–1, 478–9, 482–4, 504, 510
surplus-value, appropriation of 360–2, 409, 426, 529
Urtext (1857) 91
use value
aspect of commodities (Uno) 60, 68, 145–7, 150, 166–7, 170, 175, 187, 205–7, 313–6, 362, 424, 517, 530–4
as 'passive constraint' to equilibrium 311–318, 324–5, 361
fetishism 23, 35, 60, 134, 184–211, 424, 427, 505n235, 519, 522–537
of labour power 44, 91–3, 140, 147, 160–3, 171, 181, 251, 392, 491, 529–35
production 44, 103, 147, 160, 167, 177, 182, 318, 347, 388, 392–3, 479, 488–91, 494–5, 530
realm of – 69, 134, 138, 425, 495–6, 504, 530, 535
rendered passive 170
relevance of – (Uno) 315–7
space (of cultural practices) 427, 521
view of social reproduction 300, 308, 362, 392
utility 38, 103, 164, 314, 325–32, 457, 460, 464, 474

valorisation
capitalist – 122, 143–50, 178, 283, 290, 376, 525
law of – 123, 413, 465
nexus 147–9, 488
postulate 113, 129, 133, 412, 418, 495
process 94, 142–6, 150, 171n54, 172–82, 266–8, 290, 375, 404, 437n44, 440, 507, 514, 521, 525, 534
value
absolute – 44, 240, 336, 449n81
abstraction 53, 69, 114, 142–8, 497, 535n311
added – 181, 346n240, 481–2
as organising principle of capitalist social relations 424, 519, 522
autonomous existence of – in money 222–4, 235, 246, 428
category of – 32, 80, 171, 323, 371–4, 458–9, 533
determination 25, 43–7, 96, 101, 126–7, 142, 158, 163, 168, 231, 235–44, 258, 308, 314, 321–5, 333–7, 355–61, 450, 480–2
excess – 367
extraction 426
expression 28, 44, 142, 148, 158, 183–6, 189–210, 217, 222, 229, 234, 240–5, 321, 331, 437n43, 438, 453n94, 457
form, development of 49–51, 190–1, 202, 210, 242, 437n43, 445–6
functionalist understanding of – 157, 300
individual 342, 351–61, 510
judgment 330–1
law of – as a law of general equilibrium 230n220, 297–332, 395, 425, 463–4, 470–6, *see also* law of value
magnitude of – 11n30, 25–31, 35, 167–8, 191, 194–5, 205, 237–8, 242, 510
market – 308, 320n170, 324–6, 329, 339, 343, 346–9, 351–61, 368n306, 417
new – 175–6, 181, 342n230, 364–5, 389, 484
new – form 36
of commodities 26, 40–8, 147–8, 163n26, 187, 189–216, 239, 243, 266, 286, 316–7, 336, 342, 358, 365, 475

of labour power 40, 44, 91–3, 101, 116, 126–7, 135, 142, 150, 322, 345n240, 391, 400, 411, 421, 480–2, 511–4, 529
of money 87, 171, 178, 190, 208, 211–6, 222–3, 240, 302, 321, 334, 346n240, 427–462, 471, 476, 479–85
of the labour power commodity 40, 126, 321, 378, 482
paradigmatic form of – 217, 441
premonetary theory of – 55, 212n162, 230, 443, 446–8, 456–9
preservation 181–2
quality of – 44, 48, 373, 448
quantity of – 30, 44, 48, 459
rate of profit 340, 344, 349, 368
relative – 25, 37, 44–8, 207, 231, 240–2, 337n222, 350
self-augmentation of – 253
shape of – 204, 222
social forms of – 8–9, 28–9, 38, 200, 202, 208, 232, 236–7, 244–6, 291, 423–4, 441, 450, 507
source of – 8, 25, 41, 95, 122, 133, 144, 406
substantialist understanding of – 37, 218, 428, 447
system 341, 344, 351, 431
transfer 176, 179
transferred – 176, 179–181, 321
use – *see* use value
without fetish 4, 96, 150, 155–258, 457, 536
"Value Debate" (*kachiron ronsō*) 156
"Value Controversy" 5, 430–1
value-price-transformation 341–3, 350n251, 358, 362, 368, 371, 375
value system (*kachi taikei*) 431
Value Theory (*Kachiron*) (1947) 19, 22, 58, 155–258, 269, 424
variable
capital *see* capital, variable
quantitatively dependent – 116, 122, 413
independent – 115, 122, 125–9, 132, 307, 413–4
Verein für Sozialpolitik (*Shakai seisaku gakkai*) 16
Verselbständigung (automatisation) 114, 235, 497
village
rural – structure 99, 169, 526–7
Voraussetzung (presupposition) 90, 370

wage
as a form of value 7, 15, 35, 44, 315, 412
dependency 426, 512–516
falling of the – 418
form, function of the – 44, 150, 412
goods 431
real – 411, 431
rate 132, 344n236
wage worker 91, 133, 144, 169, 284, 414, 503
wage labour and capital 26, 30, 42–5, 52, 79, 93, 96, 106, 148–50, 251, 279, 389, 505, 512–5
Warenwelt (world of commodities) 203
wealth
abstract – 100, 131, 147, 380, 429, 472, 492
general – 23, 391–2
Wert (value) 212, 461
Wertgegenständlichkeit (value objectivity) 448, 460–1
Werterhaltung (value preservation) 181
Wesen (essence) 89
Wesensphilosophie (philosophy of essence) 89
Western Marxism 6, 499
Western world 426
working day 42, 77, 79, 92–4, 114, 196, 316, 323n180, 335n220, 346n240, 350, 406, 449, 480, 482, 487, 507, 511, 535n311
work-life-balance 519
work-onto-death (*karōshi*) 519

yokubō (want) 103, 185, 187n86, 326
yūyō rōdō (concrete, purposeful labour) 175

zai (good) 436
Zen-Buddhism 501, 519