

Reviews & Debates

**THE RULE OF VALUE AND THE COMMUNIST ALTERNATIVE:
A RESPONSE TO PETER HUDIS' MARX'S CONCEPT OF THE
ALTERNATIVE TO CAPITALISM**

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This new study by Peter Hudis is based on a thorough and compelling reading of nearly all of Marx's work. It centres on a theme that many have seen as a distinct one subordinate to economic analysis, history, class struggle, politics, etc. The singular merit of Hudis's argument is that it shows that Marx was primarily a thinker of time, and thus of historical transition, so that the theory of post-capitalist society goes to the very heart of Marx's work as a thinking of capitalism as a transitory social form. Moreover, Hudis' analysis shows the deep coherence of Marx's analyses of proposed alternatives and that Marx's own view is rooted his account of the fundamental structure of capital as the production of value. The text proceeds chronologically with four chapters—the young Marx, the drafts of *Capital* (including *Grundrisse*), *Capital*, and the late writings—bracketed by an introduction and conclusion. The chronology shows the emergence of Marx's mature theory of value as expressed in the first volume of *Capital*, its use for evaluating proposals for post-capitalist socio-economic structure, and its relevance for assessing the record of Marxism in enacting that alternative. It is an excellent interpretation of Marx, both philosophically and politically, and deserves to be widely read.

Hudis reconstructs the argument of the first chapters of *Capital, Vol. 1* through the distinction between exchange-value and value, showing that Marx's previous work did not make this distinction. Beginning from the commodity, Marx shows that the comparability of commodity prices depends upon a common quality that constitutes their measure. This measure is in labour, but not labour in its concrete use. It is labour solely in its abstract form—the undifferentiated labour time of any human individual whatsoever. Commodities are exchanged as equals if the abstract labour expended on them is equal. However, this is not the actual labour expended, not even as measured by time, since that would make products produced by less efficient labour more expensive.

Abstract labour is abstract not only in the senses that it is labour of any sort whatever expended by any person whatever, but also in the sense that it is the labour that is socially necessary to produce the product at a given socio-historical juncture. Equivalence of socially-necessary labour determines equivalence of value embodied in commodities. Hudis calls this the “substance” of value (Hudis 2012, 150)¹ which, as we will see later, contains somewhat of an equivocation between the quantity and form of value.

The logical movement in Marx’s argument from the exchange of commodities, to labour, to abstract labour, Hudis describes as a movement from quantity to quality and from (necessary) appearance to essence (154). The necessity of the appearance of value through commodities accounts for the fetishism of commodities whereby the social relations of the producers appear to be relations between products (155-6). Seeing through appearance, or, more exactly, seeing that appearance is the necessary appearance of an essence, requires the standpoint of different social relations. Thus Marx discusses pre- and post-capitalist social relations of production to clarify the nature of capitalist production relations. So, a major component of Hudis’ argument is that “the alternative to capitalism” is not a sub-theme in understanding Marx but the central theme through which the necessary fetishist form of capitalist relations can be seen as such. It is a compelling argument, a species of the enlightenment argument that one must stand outside a certain form—in this case, capitalist social relations—for the essence of that form to be determinable. Since the essence of the capitalist form is the determination of exchange of commodities by the socially-necessary labour time that generates value, the essence of pre- and post-capitalist social forms is that they are not structured by value (6-8, 17, 154, 191). Alternatively stated, in non-capitalist social forms there is labour but not abstract labour.

Before considering the analysis of alternatives to capitalism that this starting point generates, let us consider some of the issues inherent in this concept of value. In my view, this is a correct understanding of the logic of the early chapters of *Capital, Vol. 1* that usefully shows it as a completion of Marx’s prior trajectory and the basis for other remarks in the *Grundrisse* and later, more politically oriented analyses. So, I do not want to argue with Hudis’ interpretation of Marx, since I believe his work to be of the highest scholarly level, except with respect to the concept of value itself. There are three issues here that deserve further probing with respect to the reduction of value to abstract labour and the concepts of simple labour and socially-necessary labour time.

First, let us note that value *never* appears as such. Even if we set aside local fluctuations in prices due to extrinsic factors, the price of a commodity never, in principle, corresponds to its value. Abstract labour is the source of value, and as Hudis

¹ Further references to this book are given as page numbers in parentheses within the text without additional data.

comments on this crucial element of Marx's logic (150) of the "substance" of value, equal amounts of abstract labour *in principle* produce commodities of equal value, so that considering the system as a whole "the sum of all prices is equal to the sum of all values" (138), even though individual prices of commodities always diverge from their values. While Hudis recognizes that prices never correspond to values, he attributes this solely to the fact that "abstract labour is measured by a social average that is constantly fluctuating and changing, especially because of technological innovation" (138)—which is the difference between socially-necessary labour time and actual labour time in a given instance. Hudis' argument attempts to make the divergence between price and value a matter of this difference only, whereas, as we will see, Marx himself understood it to be an essential feature of the appearance-essence relation under capitalism.

While abstract labour is the sole determinant of value, according to Marx, value in the actual capitalist economy is shared between wages, capital, and landed property—known as the "trinity formula." As Marx put it in *Capital, Vol 3*, "In capital—profit, or still better capital—interest, land—rent, labour—wages, in this economic trinity represented as the connection between the component parts of value and wealth in general and its sources, we have the complete mystification of the capitalist mode of production" (Marx 1971, 830). Since the actual value produced by a specific quantity of abstract labour is divided between capital, wages, and landed property, the value of the commodity does not correspond directly with the abstract labour that produces it. This is known historically as the "transformation problem" whereby many Marxist economists attempted unsuccessfully to find a way of rigorously relating price to value.² This failure has led many interpreters of Marx, especially those for whom explanation of the actual workings of capitalist economy was the fundamental concern, to abandon the concept of value. But it can be seen that the "transformation" of value into price is a problem that *in principle* cannot be resolved.

For the sum of values to be equal to the sum of prices, there would have to be a common measure of price and value in which this could be expressed. But this is exactly the problem: there is no common measure of the appearance of capitalist society and its essence. The difference between the trinity formula and the productivity of labour cannot be reduced to the difference between socially-necessary labour and actual labour. Two identical commodities, produced under identical conditions and quantities of abstract labour, will not have the same price unless the percentage division into capital, wages, and landed property is also identical. Since this could only be the case under contingent conditions, there is *no way to rigorously relate the quantity of abstract labour to commodity prices*. In other words, the "in principle" never holds. This essential disparity is due to the difference between the *appearance* of productivity in capitalist society in the

² For an overview of the transformation problem, see Sweezy (1970) chapter VII.

trinity formula and the essence of that productivity in abstract labour. To attribute this disparity to the difference between socially-necessary labour and actual labour is to assume precisely the absent common measure of price and value. The consequence of this is that any correspondence between value and price could not be between individual values and prices, or between the sum of values and the sum of prices, but has to be in the relation between the sphere of price and the sphere of value—that is to say, in a concrete explication of the appearance-essence relation. Thus, since value never appears within the categories of capitalist society; its validity can only be in the relation between the sphere of prices as a whole and the *source* of that sphere in the productivity of labour. Therefore, even though value never appears within the sphere of prices as such, it could be a valid and necessary concept if it could be shown that the *sphere of prices as a whole* could only be understood through reference to value.

The second issue concerning value pertains to the measure of commodities by the abstract labour-time embodied in them. Such a relative measure presumes that a reduction can be made between skilled labour-power and simple labour-power—for, if no such reduction could be made, the concrete difference between labours would prevent an abstract standard rendering them comparable. No doubt it is difficult, perhaps impossible, to measure quantitatively the difference between any two concrete labours in terms of a multiple of simple labours. Again, there might be a motive here for abandoning the postulate of reduction to simple labour which would be a second reason for abandoning the concept of value. However, the theoretical postulate that skilled labour contains an exponential value of simple labour might be made credible by the fact that the capitalist system is a system, that similar commodities are equalized in price, such that the system itself presupposes such an exponential relation—even if its exact proportion cannot be determined in any given case.

The third issue regarding value is that socially-necessary labour-time is a measure that necessarily includes within itself a relation of the individual labour-time of abstract labour to the system of labour as a whole. For any temporal unit of abstract labour to be socially-necessary, it must be a certain determinate fraction of the whole labour-time expended on a given product. It may be impossible to actually measure this fraction, but it must be possible to say that the labour-time expended in making 1000 staples, for example, is higher in one productive unit than another. This can be indirectly measured: if we assume that the capital invested, the machinery utilized, landed property rented, and extraneous factors such as transportation are held constant, then the difference between the production prices of two enterprises making staples will be due to the percentage of socially-necessary labour they require. An enterprise making staples utilizing more than the socially-necessary labour will experience a pressure to lower that amount, whereas an enterprise using less will reap greater profit. So there is in the percentage of socially-necessary labour a capitalist mechanism tending to move capital toward enterprises with a lower percentage of socially-necessary labour—thus, a tendency to lower the amount of

socially-necessary labour. While socially-necessary labour may be impossible to measure as such, especially due to its dependence on social and historical factors,³ nevertheless it is arguably an abstraction necessary to explain the tendency to reduce socially-necessary labour-time under capitalism. This tendency is rooted in the comparability that the concept expresses between the individual abstract labour-time in a given enterprise and the average labour-time across the whole system (with regard to a given product).

What do these conceptual issues regarding value mean for the relation between value and price? Recall: value never appears within the sphere of prices; the reduction to simple labour is a postulate whose proportion can never be determined; and socially-necessary labour-time represents a postulate concerning the relation between a given labour (part) and the system of labour (whole). The first conclusion seems to be that value and price can only be related as two systems and not as individual prices and values. Second, the concepts of reduction to simple labour and socially-necessary labour-time both postulate a proportionality between the individual production and the social production of a given product and, finally, of the whole production system.⁴ If we reject the alternatives of abandoning one or all of these concepts, we are forced to recognize that the concept of value is an underlying concept of essence that could explain the *sphere of prices* (though no individual price) as a proportional relation between every specific, concrete labour and the whole system of production. We may say that this is exactly what makes capitalist production a system—that every part is related to the whole and the whole is expressed in each part.

The part-whole relation incorporated into this social proportionality of the social labour process in relation to individual labours is enabled precisely by the structure of capital as value-production. Capitalism is a system *precisely* because it incorporates into itself a measure that brings all individual labours in relation to the system of labours as such. This is the ground for the concept of abstract labour and of value itself. Labour thus has a dual function in capitalism, as Moishe Postone has clearly outlined, so that while “labor may seem to be purposive action that transforms matter in order to satisfy human

³ Marx argues that there is a “historical and moral element” in the determination of the value of labour-power unlike in the case of other commodities, where the value of labour-power is the “number and extent of his so-called necessary requirements” which “depend therefore to a great extent on the level of civilization attained by a country.” But if the values of other commodities are determined by socially-necessary abstract labour, then the value of reproducing labour-power will indirectly determine the values of other commodities. So, this difference must be one between direct and indirect determination by a historical and moral element and not a case of determination versus indifference (Marx 1977, 275).

⁴ Thus, Deleuze is correct to see abstract labour as a “system of ideal multiple connections ... [which] is then incarnated in the concrete differentiated labours ... [through] the simultaneity of all the relations and terms which, each time and in each case, constitute the present” (Deleuze 1994, 186). However, Deleuze fails to see that Marx first shows the constitution of this abstract multiplicity to be required by the capitalist economy in order to then show why it always fails as such. It is not a theory of capital but its critique.

needs,” its real significance “in terms of the process of creating value... is its role as the source of value” (Postone 1993, 281).⁵ Post-capitalist society, we may then conclude with Hudis, would contain no abstract labour and therefore no socially-necessary labour-time and also no value. What, then, would measure or regulate the relation between individual production and the system of production? There seems to be no such measure inscribed into the post-capitalist system.⁶ This is where my concerns with Hudis’ representation of Marx turn toward a doubt about the communist alternative that he presents.

As Hudis argues, the coherence of Marx’s proposals for an alternative to capitalism is that they abolish the system of value through which surplus value is appropriated by the capitalist class. The issue that remains is to elaborate the part-whole relation implied by the abolition of the system of value. Hudis argues that neither state appropriation of the role of capitalist (165-8), nor socialist schemes that confuse actual labour-time with abstract labour-time (158-9), can abolish capitalism. He argues that Marx’s proposals are consistent in that they focus on the elimination of wage-labour, which means the elimination of abstract labour and value, but do not necessarily imply the elimination of local, subsidiary markets(192)—only a generalized, or universal, market, since that is based on wage labour. He argues that Marx’s proposals are consistent in that they focus on the elimination of wage-labour, which means the elimination of abstract labour and value, but do not necessarily imply the elimination of local, subsidiary markets (192) but only a generalized, or universal, market since that is based on wage labour. Nor does it imply an elimination of the determination of wages by actual labour time (194) -- which is not an average, nor based upon output, but “the natural measure of labour” (195). Post-capitalist society is thus marked by a system of labour oriented to the actual, concrete labour process in which subsistence is measured by actual time worked rather than the productivity of that time, so that there is no external standard imposed upon concrete labour which is “a varying and contingent standard” (196). In practice, Hudis supports cooperatives based on the free association of workers (179-82). While cooperatives in a capitalist economy may be forced to “become their own capitalist [since] ... the system of value-production informs or governs their decisions as to what to

⁵ On this dual function, see Hudis (150). Despite his agreement on this point, Hudis regards Postone’s theory as leading ultimately to regarding capital as the objectified agency under capitalism and undermining the subjective aspect of revolutionary action (16-21).

⁶ I think that this is the problem to which George Henderson points in *Value in Marx: the persistence of value in a more-than-capitalist world* (47-55, 65-71). While Henderson suggests that this is why Marx saw post-capitalist society as the realization of value, it seems to me, and Hudis, clear enough that value is characteristic only of capitalist society for Marx. The valid point in Henderson’s mis-characterization, however, is that a post-capitalist society would have to reckon in some form the relation between individual product and social production. See my 2014 review of Henderson in *Socialist Studies/Études socialistes* 10, No. 1.

produce, how fast to produce, and in what form to produce” (180), a post-capitalist society would remove this external standard so that the social relations of workers would become transparent to themselves (159) and, thereby, there would also be a transparent relation between labour and its products (210). But if the products of one cooperative are to be exchanged, bartered, or passed on to another, some method of reckoning of the labour of one cooperative with another is implied—even if it only be through the products themselves.

Again, I have no argument with this political project as such. I rather have a doubt about its conception, a doubt that will take us back to the part-whole relation in my three earlier probes of Hudis’ use of the concept of value. The doubt is whether the very idea of socialism as an actual, concrete regime of labour depends for its escape from value on the presumption that such socialism is not a social system at all. If it is nothing more than “the concreteness of the concrete,” then there is no common measure, and without a common measure, how is it organized on a general scale? If it is not organized on a general scale, then it is not a system but a collection of heterogeneous parts without any common measure at all. If it is organized as some sort of system—let’s say a participatory democratic one—then there will need to be some deliberation that measures these parts and makes decisions about relative priorities. Such deliberation would be a form of systemic deliberation that would need to balance, prioritize, and in some way determine the relation between parts. How is such a measure possible without being in an important sense external to the concrete process of actual labour in each of the parts toward which Hudis’ argument proceeds? Let us go back to value.

There are three ways of viewing value in capitalist society: as the *source* of value, through the *form* of value, and regarding the *quantity* of value. Labour was established as the source of value not by Marx but by the political economists against whom he mounted his critique. Regarding Ricardo, as Hudis shows, “Marx indicates that positing labour as the source of value fails to get to the critical issue—the kind of labour that creates value” (137, cf. 8). Thus, labour as the *source* of value as discovered by classical political economy is synthesized by Marx with a critique of the *form* of value based in abstract labour through social proportionality.

Hudis has very little to say about the third, and more traditional, claim of Marxist economists that abstract labour determines the quantity of value.⁷ Ernest Mandel sees only two aspects of value, missing the political economists’ claim that labour is the source of value, which he explains through the distinction between quantity and quality. “From a

⁷ The quantitative aspect of the theory of value clearly precedes Marx and is one of the main preoccupations of political economy. It would be consistent with the argument of this review to regard the persistence of the quantitative issue in Marx as a legacy from political economy in fact overcome by his own theory based upon, as Hudis says, synthesizing the *source* and *form* of value. See chapter 1 of Meek (1956).

quantitative point of view, the value of a commodity is the quantity of simple labour ... socially necessary for its production,” while “from a qualitative point of view, the value of a commodity is determined by *abstract* human labour” (1992, 38). Mandel argues that the quantity of value, as determined by abstract labour, accounts for price insofar as “these fluctuations (in prices) do not occur at random but around a definite axis” (Mandel 1971, 47). Moreover, he regards the difficulty of quantitatively measuring value as exclusively due to the difficulty of getting information because the books of capitalist enterprises are not available to public scrutiny (Mandel 1992, 45). To so maintain, he has to propose a relation, albeit a fluctuating one, between the quantity of abstract labour and the price of the product. Such a relation, it has been shown above, is impossible because it must necessarily be routed through conceptions that imply a common measure, postulates of a part-whole system-relation, and a distribution of surplus through the trinity formula. The conclusion that I proposed above is that the relation between value and price can only be in the relation between the sphere of prices as a whole and the *source* of that sphere in the productivity of labour. In short, the quantity can never in principle be determined.⁸ Relative prices are determined through the socio-historical “moral” dimension of the trinity formula—nothing more or less.

The issue of the quantity of value is not central to Hudis’ argument, which centres on the form of value production; however his attempt to save some analogous version by equating the sum of value with the sum of prices illustrates his too-close proximity to the traditional Marxist versions of the alternative to capitalism that he wants to criticize. If there were such an identity between the totality of value and the totality of prices, then the totality of prices might in principle be organized on some other basis than value. Whether through the state or some democratically elected committee, traditional Marxism proposed to run the social economy as a whole. It thus assumed some form of measure of individual labours against other forms (Moore 1993).⁹ Insofar as labour in post-capitalism is only concrete, actual labour and is not measured by what it produces, such a measure requires a measuring of a plurality of concrete particulars without any common measure—which is a clear impossibility. One might argue at this point that the final goal of communism would be such a condition of general wealth that no such measure would be required, but this in turn would imply that any currently foreseeable post-capitalism would be in compromise with some remnant of the production of value.

⁸ G. A. Cohen (1981) showed that the quantitative labour theory of value could not pertain due to its abstraction from the difference between the time of production and the time of buying-consumption. He argued as a consequence that labour does not create value per se, but the things that have value, which is a position entirely compatible with the one I argue.

⁹ Stanley Moore (1993) argued with great erudition that Marx’s mature theory could only arrive at an implication for socialism, whereas Marx himself was philosophically committed to communism throughout his life.

This may satisfy some, but it rests upon the idea that communism would not be a system, not a totality, because it would renounce any measure, since any measure is necessarily non-concrete. Such a goal is in that sense an attempt to reject abstraction altogether. Perhaps it might be more perspicacious to recognize that there can be no regime, or system, of the concrete—that the concrete always remains to be re-discovered under any common measure (Angus 1997, 186-97). This would not only imply that Hudis’ admirable politics of worker cooperatives will always require some measure between cooperatives but also that cooperatives can always themselves be accused of missing an important concrete dimension in their regulatory regimes. In short, life—which is the concrete—will go on. This requires some distance from Marx’s goal of communism if we understand communism—as I believe Hudis is correct to say that Marx thought of it—as an impossible system of the concrete.¹⁰

Apart from this residue of a traditional economist Marxism that infects the idea of an alternative by implying some form of management of the whole system, I think that Hudis fails to confront the more pressing theoretical issue of a post-value system and the related issue of the pertinence of this theoretical issue to the analysis of the capitalist system itself. Briefly, I have argued that 1) the concept of value underlies the sphere of price, and 2) concepts that postulate a part-whole proportionality of specific, individual labours and the production system are essential to understanding the capitalist system. From this point of view, the central issue is the very systematicity of capitalism itself, since it is value that expresses this systematicity and value that must be replaced in an alternative. By a system I mean an organized whole that attempts to represent all relevant factors within itself in proportional relation determined by a given measure. As explained above, it is possible that we might interpret communism as the rejection of any such measure, and therefore as not a system in this sense, but, in that case, it seems to become an ideal incapable of becoming a real, historical system. But, to the extent that some form of systemic organization is necessary—which means a reckoning of all forms of labour in some comparative form—communism seems to require some equivalent for value. Hudis’ argument for cooperatives is a valid implication from Marx’s work, but it evades the question of what form of organization, if any, is required among cooperatives to

¹⁰This conclusion implies a critique of Hegel’s attempt to reconcile abstraction and concretion, an attempt which no doubt influenced Marx’s conception of communism, but I cannot get into that here other than to note the appendix containing Hudis’ translation of “Marx’s excerpt-notes on the chapter ‘Absolute knowledge’ in Hegel’s *Phenomenology of spirit*. There Marx notes that “Hegel keeps developing the tedious process of the beautiful soul, whose result is the pure universality of knowledge, which is self-consciousness. ... the concept is the knowledge of the self’s act within itself as all that is essential and all existence ...” (220). Such a self-enclosed absolute that is both content and totality would be a baleful influence on an alternative to capitalism and an even worse one if it were implied in the critique of capitalism itself.

construct a system of general production. If each cooperative can evade the capitalist external standard (159), it cannot become a pure internality to itself.

I will conclude with a suggestion. Labour as the *source* of value and value as underlying the sphere of prices, which Marx took over from the political economists, can be understood this way: capitalism *attempts* to formulate a complete and coherent system of prices extending to the whole of value. But this systematicity always in principle fails. The non-price externalities of clean air and environmental goods are the most obvious examples of this fact. Characterizing systematicity as an *attempt* in this sense means that what drives it forward is the putting of prices onto value in an ever-widening scheme that never arrives at its terminus. The form of value is the basis for capitalism to monopolize the productivity of labour and nature as commodity prices. The source of labour is the basis for a critique of this attempt, since labour always produces forms of value that are not-yet-commodified. This is the basis for the appearance-essence distinction whereby Marx attempts to take the thinker-reader from apparent systematicity, through the in principle failure of systematicity, toward the productivity of labour as the source of value. If this suggestion is accepted, it implies that communism indeed remains an ideal of concreteness never realizable as a system. If systematicity is the problem, then there can be no systematic escape.

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