

relation, an unreal value outside the entities related together, Marx invoked the existence behind exchange-value of an objective being 'value', without seeing that this 'entity' was only a 'scholastic-theological' product, a hypostasis arising from his defective logic.⁸⁶

The response that has traditionally been given to these objections by Marxists is well known. It consists, at most, in an appeal to the original conception of Ricardo who had, as can be seen from his last incomplete memoir, already before Marx distinguished between *Absolute Value* and *Exchangeable Value*. However, apart from Marx's remarks on the tendency of Ricardo's analysis to dwell more on 'exchange-value' than on 'value' itself, this response is further weakened by the fact that, confronted by the non-coincidence of 'values' and 'costs of production', this interpretation has continuously been forced to fall back on to Sombart-Schmidt positions or even Bernstein positions. For once it is accepted that value is not identified with the concrete exchange-values or competitive prices at which the capitalistically produced commodities are in fact sold, this interpretation retreats to a position of attributing to 'value' the significance, essentially, of an abstraction. Dobb's case is typical. After stating that 'value [is] only an abstract approximation to concrete exchange-values', that this 'has generally been held to be fatal to the theory, and was the *onus* of Böhm-Bawerk's criticism of Marx', he limits himself to concluding that 'all abstractions remain only approximations to reality . . . it is no criticism of a theory of value merely to say that this is so'.⁸⁷

THE THEORY OF VALUE AND FETTERISM

The decisive point which, I believe, remains misunderstood in all these interpretations is, as already indicated, the concept of 'abstract labour'; i.e. (a) how this abstraction of labour is produced, and (b) what it really means.

The first part of the question is relatively straightforward. According to Marx, the products of labour take the form of *commodities* when they are produced for *exchange*. And they are produced for exchange when they are products of autonomous, *private* labours carried out independently of one another. Like Robinson Crusoe, the producer of com-

⁸⁶ E. Böhm-Bawerk, op. cit., pp. 68-9. The same critique is to be found in E. Calogero, *Il metodo dell' economia e il marxismo*, Bari, 1967, pp. 37 ff.

⁸⁷ M. Dobb, *Political Economy and Capitalism*, London, 1960, pp. 14-15.

From: Lucio Colletti, *From Rousseau to Lenin*

Varese, 1972

modities decides by himself how much and what to produce. But unlike Robinson Crusoe he lives in society and hence within a *social division of labour* in which his labour depends on that of others and vice versa. It follows that while Crusoe carried out *all* his indispensable labour *by himself* and relied only on his own labour for the satisfaction of his needs, the producer of commodities carries out only *one* determinate form of labour, the products of which are destined for others, just as the products of the other producers' different forms of labour go to him.

If this social division of labour were a conscious and planned distribution to all its members on the part of society of the various necessary types of labour and quantities to be produced, the products of individual labour would not take the form of *commodities*. For example, in a patriarchal peasant family there is a distribution of the work which the members themselves must carry out, but the products of this labour do not become commodities, nor do the members of the family nucleus buy or sell their products to each other.⁸⁸ On the other hand, in conditions of commodity production, the work of individual producers is not labour carried out at the command or on behalf of society: rather it is *private, autonomous* labour, carried out by each producer independently of the next. Hence, lacking any conscious assignment or distribution on the part of society, individual labour is not *immediately* an articulation of social labour; it acquires its character as a part or *aliquot* of aggregate labour only through the *mediation* of exchange relations or the market.

Now Marx's essential thesis is that in order to *exchange* their products, men must *equalize* them, i.e. abstract from the physical-natural or use-value aspect in which one product differs from another (corn from iron, iron from glass, etc.). In abstracting from the object or concrete material of their labour they also abstract *ipso facto* from that which serves to differentiate their labours. 'Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them and the concrete forms of that labour; there is nothing left but what is common to them all . . . human labour in the abstract'.⁸⁹

Hence in abstracting from the natural, sensory *objectivity* of their products, men also and simultaneously abstract from what differentiates their various *subjective* activities. 'The Labour . . . that forms the substance of value is homogeneous labour-power, expenditure of one uniform labour-power. The total labour-power of society which is embodied in

⁸⁸ cf. *Capital*, Vol. I, pp. 77-8.

⁸⁹ *ibid.*, p. 38.

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the sum total of the values of all commodities produced by that society counts here as one homogeneous mass of human labour-power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labour-power of society and takes effect as such.⁹⁰

By now it should be clear that the process whereby 'abstract labour' is obtained, far from being a mere *mental* abstraction of the investigator's, is one which takes place daily in the *reality of exchange itself*. ('When we bring the products of our labour into relation with each other as values, it is not because we see in these articles the *material receptacles* of homogeneous human labour. Quite the contrary: whenever by an exchange we equate *as values* our *different products*, by that very act we also equate, as human labour, the different kinds of labour expended upon them. We are not aware of this, nevertheless we do it.')

It remains to deal with the second aspect of the problem, the real significance of this abstraction. The crucial point here is again quite simple. Unlike those interpreters who think it is obvious and non-problematical that in commodity production each individual labour-power is considered as a 'human labour-power identical to all others' or as 'average social labour power', and hence have never asked themselves what this equalization of labour signifies — unlike them, I believe that this is precisely where the significance of 'abstract labour' and the entire theory of value is to be found. For while the working capacities or labour-power of the various producers are in fact different and unequal, just as are the individuals to whom they belong and who '*would not be different individuals if they were not unequal*',⁹² in the reality of the world of commodities, on the other hand, individual labour powers are equalized precisely because they are treated as abstract or *separate* from the real empirical individuals to whom they belong. In other words, precisely insofar as they are regarded as a 'force' or entity 'in itself', i.e. separated from the individuals whose powers they are, 'Abstract labour', in short, is *alienated* labour, labour separated or estranged with respect to man himself.

The labour-time expressed in exchange value is the labour-time of an individual', Marx wrote, 'but of an individual in no way differing from the next individual and from all other individuals insofar as they perform equal labour. . . . It is the labour time of an individual, his labour-time,

⁹⁰ *Ibid.*, p. 39.

⁹² Marx, 'Critique of the Gotha Programme', in Marx and Engels, *Selected Works*, op. cit., p. 324.

but only as labour-time common to all; consequently it is quite immaterial whose individual labour-time it is.⁹³ Hence labour is considered here precisely as a process in itself, independent of the man who carries it out. We are not concerned with the particular man who performs the labour, nor with the particular labour he accomplishes, but with the labour-power thus expended, leaving aside *which* particular individual it belongs to and to what particular labour it has been applied. In short, we are concerned here with human energy *as such*, labour power and nothing more, outside and independently of the man who expended it, as if the *real subject* indeed were not the man but labour-power itself, nothing being left to the man but to serve as a mere function or vehicle for the manifestations of the latter.⁹⁴ Labour-power, in other words, which is a

⁹³ Marx, *Contribution to the Critique of Political Economy*, op. cit., p. 32.

⁹⁴ Some clarifications may help the reader to follow more easily the argument presented here. Where labour is in common (the simplest example is the primitive community) *social* labour is simply the sum of individual, concrete labours: it is their totality and does not exist separately from its parts. In commodity production, where social labour appears instead in the form of *equal* or *abstract* labour, it is not only calculated apart from the individual concrete labours, but acquires a distinct and independent existence. An individual labour of say, ten hours may as social labour be worth five. For example: 'The introduction of power-looms into England' meant that 'the handloom weavers, as a matter of fact, continued to require the same time as before; but for all that, the product of one hour of their labour represented after the change only half an hour's social labour and consequently fall to one-half its former value' (cf. *Capital*, Vol. I, p. 39). 'This *self-abstraction* of labour from the concrete labouring subject, this acquisition by it of independence from man, culminates in the form of the modern wage-labourer. The inversion whereby labour no longer appears as a manifestation of man but man as a manifestation of labour assumes here a real and palpable existence. The wage-earner is *owner* of his working capacity, his labour-power, i.e. of his physical and intellectual energies. These energies, which are in reality inseparable from the living personality, are *abstracted* (or separated) from man to such an extent that they become *commodities*, i.e. as a 'value' which has the man as its 'body' (or 'use-value'). The wage earner is merely the vehicle, the support of the commodity labour-power. The subject is this commodity, this private property; the man is the predicate. It is not that labour-power is a possession of the man's but rather that the man becomes a property or mode of being of 'private property'. 'For the man who is nothing more than a *labourer*', Marx writes, 'his human qualities exist, to the extent that he is a labourer, only insofar as they are for him *foreign* capital.' Indeed, insofar as it manages to realize itself on the market as a commodity (in purchase and sale), labour power becomes part of capital. This is the part that Marx defined as 'variable capital', as we know. The inversion to which we referred reappears here in a more precise form: as the 'value' of labour-power, which, in that as a 'value' it is itself part of capital, annexes the *use* of a working capacity, that is the labourer himself. In his labour, the man does not belong to himself, but to whoever has purchased his labour-power. His energies are no longer 'his own' but

property, a determinant or an attribute of man, becomes an independent subject, by representing itself as the 'value' of 'things'. The human individuals, on the other hand, who are the real subjects become determinations of their determination, i.e. articulations or appendages of their common, reified labour-power, 'Labour, thus measured by time, does not seem, indeed, to be the labour of different persons, but on the contrary the different working individuals seem to be mere organs of *this labour*.'⁹⁵ In short: 'men are effaced by their labour . . . the pendulum of the clock has become as accurate a measure of the relative activity of two workers as it is of the speed of two locomotives.' Hence 'we should not say that one man's hour is worth another man's hour, but rather that one man during an hour is worth just as much as another man during an hour. Time is everything, man is nothing; he is at the most time's carcass.'⁹⁶

An analogy may be of help here. Hegel separated human thought from man, turning it into an 'independent subject' called 'the Idea'; for him it was no longer the thinking individual who thinks but the Idea or Logos which thinks itself through man. In this case, as Feuerbach pointed out, 'abstraction means placing man's essence outside himself, the essence of thought outside the act of thinking'. Hence 'speculative philosophy has theoretically fixed the separation of the essential qualities of man from man himself and thus ends by turning abstract qualities into divinities as if they were self-sufficient essences'.⁹⁷ The effect of the world of commodities on real men has been similar. It has factually separated or abstracted from man his 'subjectivity', i.e. his 'physical and mental energies'. The productive capacity of his labour becomes the '*productive power of capital*'. This 'self-estrangement', or acquisition by labour of independence from man, culminates in modern industry, where it is not the labourer who 'applies the conditions of labour, but inversely, the conditions of labour which apply the labourer' (cf. also *Capital*, Vol. I, p. 422: 'In the factory we have a lifeless mechanism independent of the workman who becomes its mere living appendage'); modern industry, which, for Marx, represents 'the essence of capitalist production or, if you will, wage labour; labour alienated from itself which confronts the wealth it creates as the wealth of a stranger. Its own productivity as the productivity of its product, its own enrichment as self-enrichment, its social power as the power of society over it' (*Theorien über den Mehrwert*, Part III, op. cit., p. 255).

⁹⁵ Marx, *Contribution to the Critique of Political Economy*, op. cit., p. 30.

⁹⁶ Marx, *The Poverty of Philosophy*, New York, 1969, p. 54.

⁹⁷ L. Feuerbach, *Grundrisse der Philosophie der Zukunft* (Principles of the Philosophy of the Future), in *Sämtliche Werke*, ed. W. Bolin and F. Jodl, Stuttgart, 1959, Vol. II, pp. 227 and 243.

gies', his 'capacity' for work, and has transformed it into a separate essence. It has fixed human energy as such in the 'crystal' or 'congelation' of labour which is *value*, turning it into a distinct entity, an entity which is not only independent of man, but also dominates him.

As Marx writes:

There is a definite social relation between men, that assumes in their eyes the fantastic form of a relation between things. In order, therefore, to find an analogy we must have recourse to the mist-enveloped regions of the religious world. In that world the productions of the human brain appear as independent things endowed with life, and entering into relation both with one another and the human race. So it is in the world of commodities with the products of men's hands. This I call the Fetishism which attaches itself to the products of labour, so soon as they are produced as commodities, and which is therefore inseparable from the production of commodities.⁹⁸

To conclude, 'abstract labour' is not only that which is 'common' to all human productive activities, it is not only a mental generalization; rather, it is in itself a real activity, if of a kind opposed to all concrete, useful kinds of labour. More precisely, unlike all the others, it is an activity which does not represent an appropriation of the objective, natural world so much as an *expropriation of human subjectivity*, a separation of labour 'capacity' or 'power' conceived as the totality of physical and intellectual attitudes, from man himself. This in turn implies that in a society in which individual activities have a private character, and in which therefore the interests of individuals are divided and counterposed, or, as we say, *in competition with one another*, the moment of *social unity* can only be realized in the form of an *abstract equalization*, ignoring the individuals themselves; hence, in this case, as a reification of labour-power - a labour-power which is said to be equal or social, not because it genuinely belongs to everyone and hence mediates between the individuals, but because it belongs to nobody and is obtained by ignoring the real inequalities between the individuals. This is precisely what Marx is expressing when he writes that abstract labour is 'labour in which the individual characteristics of the workers are obliterated'; or that, when buyer and seller exchange their products and hence equalize their labour in the act of exchange, both 'enter into it only insofar as their individual labour is negated, that is to say, turned into money as non-individual labour',⁹⁹ or, finally where he defines capital as an 'independent social force' which,

⁹⁸ Marx, *Capital*, Vol. I, p. 72.

⁹⁹ Marx, *Contribution to the Critique of Political Economy*, op. cit., pp. 29, 95.

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reproduction
of value

because it has acquired its own autonomous existence, has become 'the power of a portion of society' over the rest – a power, therefore, maintaining and multiplying itself 'by means of its exchange for direct, living labour power'.¹⁰⁰

I cannot stop here to show how this conception of the theory of value constitutes the element of deepest continuity between the works of the young Marx and those of his maturity. Even in *The German Ideology*, Marx underlines the fact that, under modern conditions, the productive forces 'appear as a world for themselves, quite independent of and divorced from the individuals, alongside the individuals'. As a result, on the one hand 'we have a totality of productive forces, which have, as it were, taken on a material (objective) form and are for the individuals no longer the forces of the individuals, but of private property and hence of the individuals only insofar as they are owners of private property themselves'. On the other hand, 'standing over against these productive forces we have the majority of the individuals from whom these forces have been wrested away and who, robbed thus of all real life-content, have become abstract individuals'.

Nor can we deal here with the fact that our own interpretation of the theory of value which assimilates 'value' to Hegel's hypostasization processes, also links together the *equalization* which is the precondition of 'abstract labour' and the *purely* political equality realized in the modern representative state. (The collective interest, according to Marx in *The German Ideology*, 'takes an independent form as the *State*, divorced from the real interests of the individual and community', insofar as 'just because individuals seek *only* their particular interest which for them does not coincide with their communal interest – in fact the general is the illusory form of communal life – the latter will be imposed on them as an interest "alien" to them and "independent" of them, as in its turn a particular, peculiar "general" interest.' Hence 'the social power' transformed into the power of the state 'appears to these individuals . . . not as their own united power, but as an alien force existing outside them, of the origin and goal of which they are ignorant'.¹⁰¹ We can, however, deal with one other point here: this confluence of the theory of value and the theory of fetishism or alienation in Marx represents not only his main difference of principle with the classical political economists, for whom the theory of alienation is absolutely inconceivable: it also constitutes the

¹⁰⁰ Marx, *Wage Labour and Capital*, in *Selected Works*, op. cit., p. 82.

¹⁰¹ Marx and Engels, *The German Ideology*, London, 1965, pp. 82, 45-6.

viewpoint from which he explained the birth and destiny of political economy as a science. Firstly, its birth: the precondition for the emergence of economic reflection lay for Marx in the process whereby social relations became obscured and objectified in the eyes of men as a consequence of the generalization, with the emergence of modern bourgeois society, of the production of commodities and the fetishism inherent in it. ('The ancient social organisms of production are far more simple and transparent than the bourgeois organism'; even though commodity production occurs within them, it emerges as a secondary or marginal branch among kinds of production based on a natural economy – based, that is, on the immediate consumption of products rather than their sale on the market.) Secondly, its later *destiny*: the task of political economy as a science consisted for Marx essentially – if we can accept a neologism – in the de-fetishization of the world of commodities, in the progressive comprehension that what represents itself as the 'value' of 'things' is in reality not a property of these things themselves, but reified human labour. This theme, according to Marx, runs through the entire history of economic theory from mercantilism to Smith: the gradual rediscovery, beneath the mask of fetishized objectivity, of the alienated human subject. In the 'Introduction' of 1857, he wrote: 'The Monetary system, for example, still regards wealth quite objectively as a thing existing independently in the shape of money. Compared with this standpoint, it was a substantial advance when the Manufacturing Mercantile System transferred the source of wealth from the object to the subjective activity – mercantile or industrial labour – but it still considered that only this circumscribed activity itself produced money.' He continues: 'In contrast to this system, the Physiocrats assume that a specific form of labour – agriculture – creates wealth, and they see the object no longer in the guise of money, but as a product in general, as the universal result of labour. In accordance with the still circumscribed activity, the product remains a naturally developed product, an agricultural product, a product of the land *par excellence*.' Finally, a tremendous step forwards was achieved by Smith in rejecting 'all restrictions with regard to the activity that produces wealth – for him it was labour as such, neither manufacturing, nor commercial, nor agricultural labour, but all types of labour'.¹⁰²

We have already seen how, despite its real merits, classical political economy as well as *Vulgarökonomie*, remained in the end a prisoner of

¹⁰² Marx, '1857 Introduction' to *A Contribution to the Critique of Political Economy*, op. cit., p. 209.

fetishism,¹⁰³ because of its inability to pose the problem of why the product of labour takes the form of the commodity and hence why human labour is presented as the 'value' of 'things'. This gives us the chance to raise a crucial point, which today has been entirely forgotten. Marx considered that with the end of commodity production, the *political economy* born with it would *also come to an end*. It is in this sense that his work is a *critique* of political economy itself, rather than the work of an economist in the strict sense.¹⁰⁴ Hence the subtitle of *Capital*, the title of the *Contribution to the Critique* of 1859, not to mention the vast *brouillon* of 1858 which goes by the name of *Grundriss der Kritik der politischen Ökonomie*.

'Value' is the product of human labour. 'Surplus value', which is produced by human wage labour, is subdivided into profit and rent (besides, of course, the restitution of the wage). To *political economy*, which fails to coordinate or reduce these categories to a unity, rent appears as the product of land as such, as some *rudis indigestaque moles*; profit appears as a product of the notorious 'productivity of capital', that is of machines and raw materials as such; the wage appears as the product of labour. Physical, natural categories (land, means of production) and economic-social categories (profit, rent, etc.) – i.e. magnitudes which cannot be compared with one another – are fetishistically confused and muddled together, as Marx points out in his famous chapter on 'The Trinity Formula'.¹⁰⁵ In Marx's own *critique* of political economy, on the

¹⁰³ *Theorien über den Mehrwert*, Part III, op. cit., p. 255: 'In proportion as political economy developed – and this development, at least in its basic principles, found its highest expression in Ricardo – it represented labour as the only element of value. . . .

But to the extent that labour is conceived as the *only* source of exchange-value, . . . 'capital' is conceived by the same economists and especially Ricardo (but even more by Torrens, Malthus, Bailey, etc., after him) as the regulator of production, the source of wealth and the goal of all production. . . . In this contradiction, political economy merely expressed the essence of capitalist production, or if you like of wage labour: labour alienated from itself, to which the wealth it creates is counterposed as the wealth of a stranger, its own productivity as the productivity of its product, its own enrichment as self-impoverishment, its social power as the power of society over it.'

¹⁰⁴ This theme of the end of political economy was taken up by Hilferding, *Bohmbaewerke's Criticism of Marx*, op. cit., pp. 133-4; by Luxemburg, *Erklärung*, op. cit., p. 491; and finally was central to the work of the Russian economist and member of the Trotskyist opposition, E. Preobrazhensky, *The New Economics*, Oxford, 1966. An extremely interesting discussion of these problems can be found in Karl Korsch, *Karl Marx*, London, 1938.

¹⁰⁵ Marx, *Capital*, Vol. III, chapter 48.

other hand, the whole picture is decisively altered. The mysterious trinity of Capital, Land and Labour is swept away. Since 'value' is now considered as the objectification of human labour-power, the critical-scientific or anti-fetishistic discourse of *Capital* comes to coincide with the *self-consciousness of the working class* (a further proof of the unity of science and ideology). For just as wage labour, by recognizing the essence of 'value' and 'capital', sees that essence as an objectification of 'itself' (and hence reaches self-consciousness through this knowledge), the working class, by becoming conscious of itself, achieves – for profit and rent are forms derived from surplus value – the knowledge of the origin and basis of other classes and hence of society as a whole.¹⁰⁶

This point serves to indicate the profound difference between Marx and his Marxist but (more or less consciously) Ricardian interpreters. They failed to grasp the organic unity between the *theory of value* and the *theory of fetishism* and therefore could not avoid confusing two totally distinct things. On the one hand, in dividing its total labour force between different employments, society must take account of the *labour-time* involved in each of these employments.¹⁰⁷ On the other hand, we have the specific way in which this law operates *under capitalism* where, in the absence of a conscious or planned division of social labour, the labour-time required by the various productive activities is presented as an *intrinsic quality* in the products themselves, as the 'value' of a 'thing'. This confusion between the law of labour-time (which applies to all societies) and its fetishized realization in the world of capital and of commodities, or between the *principles of planning and the law of value* (to bring the confusion up to date), is the root of modern revisionism, as is all too evident

¹⁰⁶ This point was developed by Lukács in *History and Class Consciousness*, op. cit.

¹⁰⁷ Marx, *Grundrisse der Kritik der politischen Ökonomie*, Berlin, 1953, p. 98: 'In conditions of communal production the determination of time obviously remains essential. The less time it takes society to produce corn, cattle, etc., the more time it gains for other forms of production, material or spiritual. As in the case of a single individual, the universality of his development, of his pleasures, of his activity, depends upon the way he economizes his time. The economy of time, ultimately all economy is reduced to this: Society must distribute its time functionally so as to obtain a production in accordance with all its needs; so the individual must also divide his time correctly to acquire knowledge in the right proportions and to fulfil the various demands on his activity. In conditions of production in common the first economic law remains, therefore, the economy of time, the planned distribution of labour-time between the different branches of production. This law becomes even more important under these conditions. But all this is quite distinct from the measurement of exchange-values (labours or labour products) by "labour-time".'

in the present economic debates in the Soviet Union. In Italy, it is the basis for the recent theoretical positions, which I cannot accept, of two theorists, Galvano della Volpe and Giulio Pietranera, to whom in other respects I am much indebted. First, in the case of della Volpe: to Sweezy's wholly correct statement that 'value and planning are as opposed to each other, and for the same reasons, as capitalism and socialism', della Volpe objects that 'between value and planning there is only a difference of *degree*, that is of *development*: there is nothing negatively "opposed" or "contrary" in the two terms'.¹⁰⁸ As for Pietranera, he follows Oscar Lange in referring to the 'market' and 'profit' in socialist society, not as survivals of bourgeois institutions that are inevitable in what is *par excellence* a *transitional* society but as 'rational criteria and indices of economic efficiency, and hence something *positive*, to be maintained in a planned socialist economy' – in other words as institutions *socialist* by their very nature.¹⁰⁹ This brings to mind a further, more recent error of Della Volpe. The latter presents (in the most recent edition of *Roussseau e Marx*) the state under socialism – the state, mark you, i.e. the hypostasis of the 'general interest', which (as Marx says) has become independent and 'alien' from the generality of interests that compose it – not as a *survival*, but as a state which is wholly new, socialist in its inner structure. (Compare Lenin's conception of the state in *State and Revolution*: the presence in socialism of 'bourgeois right in regard to the distribution of consumption goods inevitably presupposes the existence of the *bourgeois state*, for right is nothing without an apparatus capable of *enforcing* the observance of the standards of right'. It follows that 'there remains for a time not only bourgeois right but even the bourgeois state without the bourgeoisie!')¹¹⁰

EQUIVALENCE AND SURPLUS VALUE

If we now turn to Bernstein, we can see that the first and most important consequence of his interpretation of 'value' as a mere 'mental construction' is that – since he is quite incapable of explaining value, and a *fortiori* surplus value as a result of capitalist *production* – he is obliged to transfer its point of origin from the sphere of production to the sphere of circulation and exchange, as though surplus value originated, in other

¹⁰⁸ G. della Volpe, *Chiave della dialettica storica*, Rome, 1964, p. 32 n.

¹⁰⁹ G. Pietranera, *Capitalismo ed economia*, Turin, 1966, p. 236.

¹¹⁰ Lenin, *Selected Works*, op. cit., Vol. II, pp. 342-3.

words, in a violation of *commutative* justice, i.e. in a violation of the law of exchange on the basis of equivalents. He thus reinstated the old mercantilist conception of 'profit upon alienation', i.e. of the origin of profit in the difference between selling and buying prices (indeed, this is why 'consumer cooperatives' assume such importance in Bernstein's thought).

This viewpoint, which restores the schema of 'utopian socialism', and in this case Proudhon's account of exploitation as *theft* and hence of the *contradiction* between exploitation and legality, constitutes the essential core of 'revisionism'. For Marx modern *social inequality* or capitalist exploitation occurs simultaneously with the fullest development of *judicial-political equality*; here, on the contrary, judicial-political equality – and hence the modern representative State – becomes the instrument for the progressive elimination and dissolution of real inequalities, which seem arbitrarily produced rather than an organic consequence of the system as such.

The importance of this connection between equality and inequality in Marx's thought deserves emphasis here; besides its repercussions in political philosophy, which we shall examine, it also contained one of Marx's most important scientific achievements, his solution of the so-called 'paradox' of the law of value.

The law of value, according to Smith, is the law of the exchange of equivalents. It presupposes, besides the equal value of the commodities exchanged, the equality, as Marx pointed out, of the contracting parties in the act of exchange. In exchange the owners of commodities 'mutually recognize in each other the rights of *private proprietors*' establishing 'a *judicial relation* which thus expresses itself in a contract, whether such contract be part of a developed legal system or not'.¹¹¹ Now the 'paradox' is that the production of commodities (production for exchange) becomes dominant for the first time only under purely capitalist conditions; yet just when the law of value should find its fullest application it seems to be contradicted by the existence of surplus value and exploitation, in other words, the emergence of an *unequal* exchange.

Smith, of course, reacted to this 'paradox' by turning away from a labour theory of value *contained*, to a theory of value based on *command* of labour, thus relegating the validity of the law of value to precapitalist conditions. Ricardo, while he showed the difference between equal exchange of commodities for commodities, and the inequality characterizing the exchange of commodities for labour-power (specifically capitalist

¹¹¹ Marx, *Capital*, Vol. I, p. 84.