

# Limits of the value and the capitalism

*Eleutério F. S. Prado*  
*José Paulo Guedes Pinto*

## Introduction

As it is known, Marx's *Capital*, in order to present and decrypt the logic of reproduction of capital, states that a commodity is an elementary form of wealth. According to him, it – not the economic being – is the principle of the capitalistic mode of production. To him, the commodity is a social relation form which has two immediate apprehensible determinations, namely, use value and exchange value. It is hereby accepted that Marx, from the beginning, deals with the appearance of such mode of production, that is, the commodity circulation – not something which is usually abstractedly defined as simple commodity production.

As use value, commodity is something that satisfies the needs, direct and indirect, objective and subjective, of those who live in society. Use values of the same kind are measurable by their own units, and use values of different kinds are immeasurable among themselves. Moreover, according to Marx, they constitute the “material content of wealth” in every social formation which has existed, exists and may ever exist. However, regarding specifically the capitalist social formation, it is also “the bearer of exchange values”.

Thus, exchange value happens to be simply a quantitative proportion, highly unstable, in which diverse use values are exchanged among themselves in the market. But, if these magnitudes cannot logically be derived from their use values as they are of different kinds, how can they be explained?

It is important to notice that Marx from the very beginning treats the exchange values as mutable proportions set by their particular exchanges amongst the market participants; however, he also considers that they express the anarchic way in which the economic system works. So, if the exchange values are not steady magnitudes, which float constantly through time and space, their oscillations – as noted by the classic economists – happen around a determined exchange value, which remains implicit to either merchandise sellers or buyers. However, as something unknown by them, this “gravity center” regulates their behavior. This is the exchange value, which was considered by the classical economists as natural; the one Marx tried to explain in his works, taking it from the very beginning as the result of the particular logic in which such system operates.

In order to understand this explanation, it is important to notice that Marx understood this “natural” magnitude from a Hegelian perspective. For that he employs what

Hegel in Science of Logic named as reflexive determination<sup>1</sup>. The central categories necessary to this explanation are the ones of content/form and essence/phenomenon. To him, the content is implicit in the form in such a way that it can only be unveiled when the very form is analyzed – the one, besides, which presents itself as an inverted image of this very content. Considering the following general equation, which is valid in any capitalist market: a unit of use value  $A = b$  units of use value  $B = c$  units of use value  $C$  and so forth. What does it say to the dialectic thinker? It is Marx himself who answers it: he says, “first of all, the current exchange values of a given commodity express something equal. Secondly, however: the exchange value can only be the mode of expression, the phenomenal form of something contained in it” (Marx, 1967, vol. 1, p. 36). Nevertheless, this consideration raises the following issue: what content is it? Which is the unique magnitude that is expressed on the magnitudes of exchange values? What are their characteristics?

Now, the magnitudes of such exchange values wouldn't be better explained by the relative shortage, that is, by the quantity of merchandise offered against the demanded ones, assuming a regular operation of the system? As shown in the course of his work, Marx doesn't refuse such “explanation”, but takes it as superficial and incomplete. All in all, that explanation states that the existence of exchange values are responsible for balancing the system but it doesn't explain qualitative and quantitatively the reason why they are and what they happen to be. In a much more complex economical context, he would say that is easy to understand the prices deviation in relation to the market values but “the real difficulty is on determining what must be understood by coincidence between supply and demand” (Marx, 1967, vol. 3, p. 146). In this case, it is necessary to investigate more closely what he names there by market value. Now, this investigation starts with the issue of getting to know what the content manifested by the exchange values is and that is expressed without disturbances in their amount of balance.

After coming to the conclusion that there is something in common among the different exchange values, Marx states that in order to unveil it, it is necessary to investigate an issue regarding measure. In order to do that he employs some logic arguments presented in Hegel's “Science of Logic”. There, it is shown that the general quantification of objects presupposes the singularization of a quality which is common to them; after that it is necessary to observe the reduction of the amounts associated to that quality to the correspondents' quanta (which requires a measure pattern). Something which is valid in general replicates itself on the commodity world: exchange values just unveiled themselves when it is proved that they can be reduced to a common measure and when it is admitted that such measure relation exists objectively. The quality that generates such measure cannot be a natural property of the commodity for that regards only its use value. And also because exchange

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<sup>1</sup> To Lukács, reflexive determination is “the most important finding of Hegel's methodology” (Lukács, 1979, p. 76). For instance, the categories of essence and phenomenon are not taken separately by him, each one on its own, but as being intimately related. Thus, he eliminated “the abyss which is parted in an absolute way, the essence and the phenomenon”. Essence – he explains – is not represented to him as a transcendent determination. It also is not representing simply a way of thinking. On the contrary, it is seen by him as “a moment of a dynamic complex in which essence, phenomenon and appearance converge uninterruptedly one's on the others”. (Lukács, 1979, p. 83).

values are determined negations of use values: in exchanging, states Marx, as a principle, a use value is as valuable as any other, even if each deal only happens when it involves specific commodities in terms of use value.

Thus, it follows a well determinate conclusion: “if then we leave out of consideration the use value”, says Marx, “they have only one common property left that of being product of labor” (Marx, 1967, vol. 1, p. 36). What originates the exchange value happens to be labor. But what is labor? Now, if when investigating the exchange values was necessary to abstract their use value, when investigating labor what originates the exchange values is also necessary to abstract the factual qualities of such labor, as it is precisely them that originate the use values. For instance, it is the brick layer who makes a house a place to live in; it is the farmer labor that makes the rice as a grain to be eaten. In Marx words:

“Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labor embodied by them, and the concrete forms of that labor; there is nothing left but what is common to them all; all are reduced to one and the same sort of labor, abstract human labor” (Marx, 1967, vol. 1, p. 38).

At this time, Marx demonstrates when explaining exchange values that the abstraction of the use values implies a new category, that is, the category of value, precisely. “What is common and is revealed in the exchange or commodities exchange value relation is, therefore, its own value”. In this case, the exchange value, which is a variable that can be observed empirically, becomes the necessary expression or way in which the value is manifested. By the way, value in itself is an intrinsic and immanent variable of the commodity. In order to conclude the statement started in the former paragraphs, according to Marx, it is necessary to put the exchange value, which is apparent, provisionally between parentheses, even if it forms together with its value an unbreakable pair of reflexive determinations. Thus, it is possible to examine its pure value, that is, as a “remain” of the results of labor, that is, everything left after eliminating what is tangible and useful. Here, it is necessary to allow Marx himself to present value, what, due to obvious reasons, he does using imperfect metaphors that need to be dealt carefully:

“Let us now consider the residue of each of these products; it consists of the same ghostly objectivity in each, a simple jelly of homogeneous human labor, of labor-power expenditure without regard the mode of its expenditure. All that these things now tell us is that human labor-power has been expended in their production – that human labor is embodied by them. When looked at as crystals of such social substance, common to them all, they are – value” (Marx, 1967, vol. 1, p. 38).

To this point, Marx has introduced to his reader the constitutive matter of value in its qualitative determination, that is, human abstract labor, indicating expressly that it is something immaterial but that exists objectively. But, the value expressed by the exchange value also has a quantitative determination. The two following paragraphs, he explains that labor that produces value is measured by time or, more precisely, by labor-time socially necessary to produce the commodity in consideration.

Capital starts with the commodity and soon gets, at the end of the first section of the first chapter, to the abstract labor and value – and this is something that is immediately learnt by those who read it. However, the interpretations of such concepts have never been unanimous within the Marxist tradition. Fausto, who went deeply into them, synthesized the difficulties of doing so in two main issues: its logical content and its historical space (Fausto, 1983).

## Logical Content

To Marx, indeed, both concepts of abstract labor and value are adequate to talk about the main objects of capitalistic reality. But, even taking this mode of production as a reference, which had already been fully established at his time, at least in England, he understands it is necessary to indicate certain qualifications to the use of such concepts in order to refer to any objects of the real economic world.

The first qualification indicates that something may be use value but may not bear any value. That is what happens to the goods that were not produced by labor as air, virgin soil, etc. Things that were produced collectively somewhere in the past and have survived to time but are no longer able to be reproduced are also included to the category of useful items which no longer bear any value. Present labor cannot produce ancient currencies, statues, famous master pieces – can only forge them. These old things have enormous artistic value, but do not have any intrinsic economic value in themselves. Things bear economic value in current society if they are produced by labor spent as current outlay of the workforce.

To Marx, any good in this category, may it be either natural or artificial, is not a regular commodity, but may acquire the form of a commodity. Thus, even though virgin soil or Picasso paintings cannot be produced under the bourgeois conditions of production, they still have price and are normally traded. Therefore, it is known that “in order to sell a thing, nothing more is required than its capacity to be monopolized and alienated”. (Marx, 1967, vol. 3, p. 633). Such prices may be determined either by regular factors or circumstantial and/or exceptional factors, as it happens to some ancient art works.

The second qualification states that things which have been produced by the current labor may not become a commodity. That is what happens to the homemade production: “whoever satisfies his needs with the produce of his own labor, creates, indeed, use-values, but not commodity” (Marx, 1967, vol. 1, p. 40). It is clear that in this case the items, even being produced by human labor, don't bear any value. Marx make it clear that in order to produce a commodity, it is necessary to produce use value, something that may be accepted in the circulation sphere of the capitalist mode of production. From this part on he explains that nothing may bear value and be stated as a commodity if, simultaneously, it doesn't have any use value. If the produced item is useless, the labor spent producing it is also useless.

The cases considered up to now are trivial in a sense that they are the result of the demands of the consistency necessary to understand the capitalist mode of

production. There is, therefore, a possibility that defies such internal logic because it refers to the limits of such mode of production. It happens in a peculiar situation when something is originated by the current work, is produced as a commodity but doesn't have any value – even if such value is based on a social human activity performed in bourgeois conditions of production – that may express the social labor time necessary to produce it. In this case, value is not latent anymore, but it is also not possible to state whether it fully exists.

In order to understand such logic it is necessary to mention Marx's explanation about the double character of labor which is represented in the commodities. This point clarifies what happens to be abstract labor in opposition to concrete labor. As both use value and exchange value (the way value is manifested) of a commodity were distinguished, the same happens, correlatively, with private labor, which produces use value, and social labor, which generates value. The first one is useful labor: "it is a necessary condition, independent, of all forms of society, to the existence of the human race" (Marx, 1969, vol. 1, p. 42). The second one is indistinctive labor, which is an exclusive condition of the capitalist mode of production. Concrete labor is easily understood as it manifests itself phenomenally but abstract labor demands some conceptual effort: "productive activity, if we leave out of sight its special form, viz., the useful character of the labor, is nothing but the expenditure of human labor-power" (Marx, 1969, vol. 1, p. 44).

Does Marx somehow make reference here to some kind of act of abstraction merely subjective? Would such abstraction only live in the minds of social individuals? Or, differentially, would it live in society medium as an inter-subjective reality? As he talks about "productive expenditure of human brain, muscles, nerves, etc." (Marx, 1969, cap. 1, p. 44) in the productive process, is it necessary to identify abstract labor with labor in general which may just be understood from the physiologic point of view? Here, it is necessary to note that Marx also talks clearly about reduction saying that it is something real: "such reduction appears as an abstraction which is practiced in the social production process daily" (Marx, 1978, p. 137).

In order to answer such issues it is necessary to note first that Marx deals with a kind of duplicity in his texts – not a duality. There is an intrinsic relation between these two forms of labor: the abstract labor is the negation of the concrete labor. This negation occurs because private, complex and concrete labor is reduced to social, simple and abstract labor in the social process. And such conversion is not an operation which ranges from types to genera, as it keeps the qualities that belong to all types considered. Thus, the generalization mentioned by Marx is nothing but a natural objective support of the reduction, which is produced socially, that is, rises as such based on the constant activity inherent to the social process of production. "In order to measure the exchange values of commodities by the amount of labor time spent producing them", he says, "it is necessary to reduce every piece of labor to a simple, uniform not distinct unit" (Marx, 1978, p. 137.) Reduction, differently from generalization, is an operation that ranges from the types to the quanta by means of eliminating the qualities common to the types, except those that allow quantification. Therefore, all the answers to the issues above are negative, as the abstraction mentioned by Marx is something that happens socially, objectively, moreover, the participants of the system are unaware of it.

To Marx, seeing what happens when the commodities are manufactured as well as traded in the markets shows that such reduction happens constantly. However, this is not immediately clear: “the different proportions in which different sorts of labor are reduced to simple labor as their standard are established by social process that goes on behind the backs of the producers, and, consequently, appear to be fixed by tradition” (Marx, 1969, vol. 1, p. 44) – or alternatively, in addition, it could be said that it seems to them as natural.

In order to return to the open issue left in the previous paragraph it is necessary to note previously, with Marx, another aspect of that duality. Regarding use value, he says, labor is counted qualitatively only; but regarding value, it is just counted quantitatively. When generating value, a reduction is operated to both concrete labor and the concrete labor time. And such reduction is operated socially by the contradictory and uninterrupted capitalist mode of production. The social process removes objectively the qualities of the concrete labor, turning them into qualitatively homogeneous labor that only differs from the others by means of its quantitative dimension. The generation of values happens simultaneously to the generation of exchange value, in fact, the prices – not independently one from the other but by means of a mutual action.

Now, it is necessary to mention that there are certain commodities *sui generis* in which the production process defies that general logic. That is what happens to the handcraft and artistic production, which coexists with regular production within capitalism (Guedes Pinto, 2011). Note that the concrete time spent to produce any commodity of such nature cannot be placed in a meaningful relation by the amount produced, as it happens to most of commodities. In another words, it doesn't make sense to measure the efficiency in which the use value – use value that is converted to a commodity – may be produced by the useful concrete labor spent in its production.

For example, the labor productivity is not a relevant variable in the production of music, paintings and works of art in general. The necessary labor used to produce such kind of commodity is different from those regularly employed in the capitalist mode of production due to some qualitative factors that are placed during the time in which the work takes place. The examples quoted above refer to jobs that are considered to accommodate crucially some artistic contents, which are, somehow, mobilized by the subjectivity of the worker. When it happens, note, the concrete labor time cannot be reduced to social labor time necessary to produce such commodities. As a consequence, as the reduction cannot be determined by the social process, its value becomes de-measured. The exchange value of such commodity depends only on its relative shortage – and on the management of this scarcity done by the producer of the commodity –, that is, on his availability in face of its demand (that also depends on fortunate circumstances).

The type of production quoted previously is marginal to the capitalist productive process and could be ignored on its theoretical consideration. However, here it is highlighted for it raises an issue concerning, as already mentioned, the historical limits of such mode of production. Next, an attempt is made to demonstrate that

value (in its full meaning) as a metaphysic entity, as an institution that belongs to the social unconscious of modern society, has not always existed – it didn't work in the systems previous to capitalism – and will cease to work in the post-capitalism. It will be an attempt to demonstrate, according to Marx, that it tends to submerge within capitalism itself, which happens when it gets to an advanced level of development and close to its historical exhaustion.

## Historical Space

According to Marx, it is trivial to affirm that societies without exchange – and consequently, where products are not turned into commodities – do not know the category of value. It is not possible to assume that such category may point to something present in the social reality of those social formations. But, what to say about those societies, prior to the development of capitalism, where the exchanges were mediated by means of money and such exchanges assumed there a substantive importance, as it happened to Ancient Greece? There are no doubts that to Marx the value category exists as such in modern mode of production, but it is possible to doubt that to him it may be applied to a time before capitalism, even when the mercantile sociability is somehow present – even if that negation of validity cannot be absolute.

The latter qualified statement may be testified by examining what is said in *Capital* about Aristotle's considerations about exchange. What did he said about the simple form of value?<sup>2</sup> Aristotle, according to him, was able to understand that in the value relation of commodities (5 beds = 1 house that is not distinguished from 5 beds = so much money) there exist an equality among different items which are apparently incommensurable amongst themselves. So, value relation can only express a qualitative essential equality – not something phenomenal. As he did not understand the origin of such equality, he abdicates his investigation, suggesting it is “only a makeshift for practical purposes” (Marx, 1969, vol. 1, p. 59).

Then, Marx explains the lack of conclusion on Aristotle's deductive statement saying that Aristotle was not able to make such discovery as the Greek society was “founded on slavery and had, therefore, for its natural basis, the inequality of men and their labor force”. The insufficiency of Aristotle's statement could be explained by the social reality insufficiency: “the secret of the expression of value, namely, that all kinds of labor are equal and equivalent – and so far as they are human labor in general – cannot be deciphered, until the notion of human equality has already acquired the fixity of a popular prejudice”. (Marx, 1969, vol. 1, p. 60)

All those comments strongly indicate that to Marx, in the pre-capitalist societies, socially necessary labor time is not formed in the productive processes. He also indicated that it happens because the different kinds of labor are not equalized

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<sup>2</sup> The results shown here, especially in what they refer to the interpretation of Aristotle by Marx, were obtained by Ruy Fausto. They were published in a paper written in Portuguese. The title of this paper in English should be read: real abstraction and contradiction: on abstract labor and value (Fausto, 1983).

among themselves in the social reality; they do not become equivalent there – and, for that, not in the human mind too. However, it is important to say that Marx doesn't state that the different forms of labors existing in those societies are not able to be equaled but they are not posit and cannot be posited as equals in the productive process. It is well known that capitalism favors overall production efficiency and assumes labor equivalence implicitly. Within pre-capitalism what is sought was the product excellence, what implies, as Marx states explicitly, an inequality amongst the labor forces and the jobs performed by them. Differently from what happens in capitalism, the production in those societies was not under the grip of the obsession of increasing labor productivity.

So, what does the popular prejudice mentioned by Marx really mean?

It reflects in the level of experience that in the capitalist mode of production the labors are posited objectively as equals – or better, they are posited in a hierarchy of equivalences. It says that there is a systemic process of social labor equalization in this mode of production. It also expresses that such equalization is presented as almost true as it is assumed that workers may take different jobs. They serve, in the final analyses, to the system itself, and not to some lords.

When comparing the handcrafted and artistic production found within capitalism, mentioned previously, to the situation founded in the pre-capitalistic modes of production, it is noted that the same problem occurs: the objective equalization of the productive labor of items offered systematically or rarely to the market doesn't prevail. In the first case, what is seen is a particular limitation which rises as a trace or a remainder within capitalism; in the second case there is a restrictive situation generated by the general character of the current production process itself. Fausto, with respect to those passages, says that to Marx, determination of value – labor and labor time - are in both cases present in the commodities but value itself is not posited socially. In fact, he says that dialectics, differently from understanding, takes position as determination (Fausto, 1983, p. 103-106). That's why one need to let him speaks here:

“It means that before capitalism value is not, but at the same time it is. Before capitalism, value is not because there isn't socially necessary labor time. It means that labor time which is part of value is not posited in the production itself (there is no social time that has got a coercive power in the production of commodities) and that the value quantum (or, simply, “value”) in which the commodities are exchanged, was constituted in the exchange level (such quantum doesn't correspond to each individual time), in fact it is the result of the total individual time”.

Here, Fausto's paragraph is endorsed almost entirely, but not completely. Instead of simply saying “result” in his last sentence, it should be said “uncertain result”, as the “value” would be potentially there but it would act in a very circumstantial and vague way. “Value”, as well as the price that represents it, would be set implicitly and punctually at the time of the exchange. However, there is an agreement when in the course of his statement he says that “value is just presupposed (and not posited) – it

is and it is not – both in the Greek city reality and in Aristotle thoughts” (Fausto, 1983, p. 114).

Now, in order to continue studying value’s historic space, it is necessary to move from pre-capitalism to the period near post capitalism, more precisely, to the transition period from capitalism to socialism – assuming here it to be a real possibility. In order to do it, it is necessary to initially mention what happened at the beginning of capitalism.

Value remains latent in the previous mode of production but emerges and gradually establishes itself during the manufacturing age, which took place from the midst of XVI to the third quarter of 19<sup>th</sup> century. During this period of two hundred years, both labor process and labor autonomy to deal with the labor instruments started to be subjected by a productive process more and more fragmented by the labor division; to its conclusion, the subjective principle that regulated the productive activity of the collective labor now was replaced by an objective one, which was imposed to the workers by the machinery systems. The formal and general subjection of the labor to the capital, which enabled the rise of manufacture, is supplemented by the real subjection, which was a creation of the large-scale industry. At that time, worker actions started to be regulated and commanded by the factory system, which constitutes a giant automatous.

It is only during the latter production process, the large-scale industry, which reigned from the last quarter of XIX to the third quarter of the 20<sup>th</sup> century, for its intense replacement of humans by machines as well as the transformation of the labor force into cogs of great systems organized and planned scientifically, simple labor is posited as an exemplary reality in the capitalist mode of production. Just then, value configures itself fully, as all necessary historical conditions had already been generated to constitute the necessary social labor as it was in the scope of the economic system, if not as a whole, at least within its developed core. Inside the factories, workers are objectively posited as equals by the systematic conversion of the particular and complex labor into simple and social labor. In the economic system as a whole, the mercantile values act, without the capitalists’ perception, as coercive powers which regulate the prices in the market.

It is the core thesis of the present argumentation that, in the last quarter of 20<sup>th</sup> century, a new productive process rose inside the capitalist mode of production. This productive process has been named post-large scale industry. Well, this innovative category in the apprehension of the capitalist temporality has been based on the comprehension of certain historic changes in capitalism itself, under the illuminating perspective of a theoretical projection made by Marx himself about the development of the large-scale industry (Prado, 2005).

In *Grundrisse* of 1857 – 1858, he states that such productive process will gradually create, as it evolves in history, the necessary conditions to overthrow value as the regulation principle in the capitalist productive process. Marx says in this section that the use value creation will depend less and less on the concrete labor time, as it will decrease expressively and it will start progressively to depend on scientific knowledge and technology which will be required during the labor time. Now, the

social productive forces, besides being objectified in machinery and systems of machinery, will start to be effected more and more in what he calls “general intellect”, being only able to be applied in the production under the workers supervision and with the use of their intelligence and creativity. Thus, the productive activity will start to depend on a new subjective principle – differently from that one which reigned during the manufacturing period, as it won’t be based on traditional knowledge but on scientific and technologic knowledge that is developed collectively and decentralized -, in a way that the real subjection will have to accommodate, fundamentally, the intellectual (and ideological) subordination of the labor to the capital.

In such circumstances – and here it is important to consider the reality of contemporaneous capitalism –, the reduction of different kinds of labor into abstract and simple labor in the production sphere has been undermined in some sectors. Today, at least in the advanced sectors of the capitalist production, do not exist anymore the conditions necessary to the formation of socially necessary labor time to produce certain commodities. The labor equalization principle, particularly characteristic especially in the large-scale industry, stops operating objectively.

It is clear that what happened exceptionally to the artistic and handcrafted production of previous capitalism – the capitalism of large scale industry – it has started to happen to the advanced technological sectors of actual capitalism, spreading from there to the system as a whole, now in an important way. As Marx said: “But to the degree that large industry develops, the creation of real wealth comes to depend less on labor time and on the amount of labor employed than the power of the agencies set in motion during labor time, whose ‘powerful effectiveness’ is itself in turn out of all proportion to the direct labor time spent on their production, but depends rather on the general state of science and on the progress of technology, or the application of this science to production” (Marx, 1973, p. 704-705).

Furthermore, says Marx: “in this transformation, it is neither the direct human labor he himself perform, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and his mastery over it by virtue of his presence as a social body – it is, in a word, the development of the social individual which appears as the great foundation-stone of production and of wealth” (Marx, 1973, p. 705). As a consequence, he adds: “as soon as labor in the direct form has ceases to be the great well-spring of wealth, labor time ceases and must cease to be its measure” (Marx, 1973, p. 705). Well, such historical process may be understood synthetically as the one in which value de-measure<sup>3</sup> takes place. This de-measure of value can be seen as a kind of previous condition to the replacement of capitalism by the future socialism. From now on, production must be regulated consciously by men free organized and not by a blind systemic process.

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<sup>3</sup> De-measure is understood here as the disarray of value that came to happen after it was posit historically. It happens whenever are absent the necessary conditions – the commodity reproducibility and the time labor equalization – to the formation of necessary social labor time. When such conditions are not present, the measure “value” becomes difficult to be determined; furthermore, it loses its necessary and blind relation with the prices. The consideration that the measure in general can be more or less indeterminate is found in Hegel's Science of Logic (Hegel, 1995, p. 214 – 219).

For all these reasons, it is hereby assumed that if manufacturing is a historical period where the full rise of value took place, in which it is posited as value itself, the still open period of post large-scale industry is the one where its submergence takes place, that is, the one that it starts to be and continues to be replaced. A crucial commentary of Marx applies here: “the theft of alien labor time, on which the present wealth is based, appears a miserable foundation in face of this one, created by large scale industry itself” (Marx, 1973, p. 705). Anyhow, facing the anarchic nature of capitalism, it could not be expected that the temporality where its fall takes place were tranquil one. On the contrary, it should have been admitted from the beginning that its last stand would come up from a great turbulence. Now, the course of the events taking place since the 1970’s has been showing that such decisive passage will be rather bumpy to those who are onboard of capitalism ship (Brenner, 2006).

### **De-measure and Crisis**

As it is known, capitalism has been changing its course since the 1970’s crisis, with the fall of Keynesianism and the rise of neoliberalism. These are not free-floating system of ideas but modes of social regulation that comes to exist in order to warrant capital accumulation – that is, they are capitalistic modes of development. Their social function is to permit, even in new levels, the continued reproduction of its contradictory social relations.

McNally (2009) – a Marxian analyst who produced one of the best analyses of neoliberal capitalism – classified in two trends the left wing orientations that tried to understand such historic period. On one hand, an expressive group of authors tried to explain the turbulences which took place by examining the structural development of the capitalist mode of production (see, for instance, Brenner, 2006; Foster and Magdoff, 2009). They sought the reasons for the macroeconomic unbalance in the drop of both profit and gross domestic product rates. To them, these variables decline after the 1970’s years in the developed economies as a consequence of capital accumulation evolution itself. On the other hand, another group of writers as big as the first, in order to explain the same phenomenon blamed the very management of the macroeconomic system. They started to explained such turbulence as a simple consequence of the assets boom which took place at the time, which on its turn, had been generated by the financial market deregulation (for example, Varoufakis, 2011; Galbraith, 2008).

McNally criticized both trends. The latter ignores the immanent tendencies of the capital accumulation process and confuses some possible answers to systemic imperatives with initiatives that seem to be the result of simple economic policy options. They see the disorders, crisis and the evil upon society as the consequences of neoliberal policies, trying to advocate for some kind of Keynesian market regulation regress. Those who defend the “great downturn” thesis tend to focus their analysis on the central economies, specially the American, not taking into consideration the global restructuring of capitalism – regarding both productive process and international labor division – that took place in such period. As a consequence, they were unable to observe that the system as a whole experienced a

sharp recuperation as well as a great dynamism during the 1980's until the half of the 1990's.

As a counterpoint, McNally states that a critical analysis of the economic system must deal with it as a global economy in both capital flow and production spheres. It should not just focus on the American economy or even the most developed economies; it shouldn't take the system merely as a sum of several important national economies. In short, it should be examined as dialectic totality crossed by contradictions; that is, as a global process that generates itself and its own development. In other words, it must be supposed that the economic system has the forces able to generate and to corrupt itself, to generate its rise and its fall. However, it cannot be forgotten that the economic policy enjoys some autonomy but it also has to obey some structure and historic constraints. Moreover, "financial autonomy" cannot be taken for granted when the so called financialisation is examined as a privileged process widely apart from the "real economy".

He supports, in such perspective, that global capitalism has been going through deep structural as well as economic policy changes since the 1970's, which appeared as answers to the overproduction crisis, to the decrease of the capital accumulation dynamism. He supports too that these changes must be examined as the result of an objective logic that does not respect the national boundaries.

It is clear that the neoliberal policy has undermined the labor union, it has damaged the so called welfare state as well as weakened the national states specially in the south hemisphere, privatizing state companies and public assets, promoting free capital circulation, triggering the financial globalization, etc. However, the exploitation rate has increased not just by means of the economic policy, but also for the systemic movement of competition played by the private capital. He mentions the introduction of new systems of labor intensification, the appropriation of a new and cheap labor force contingents as well as the massive employment of new technologies of manipulation of information.

As a consequence of all of this, the profit rate had a recovery in the 1980's and the global capitalism saw the employment rates take off as well as the unpaid labor and the increase of profit. Yet, from 1997 on, when the Asian crisis took place, a new period of over accumulation of capital was born. From now on it was possible to see the rise of economic bubbles fostered by the anarchic expansion of credit, something which is deeply rooted to the system's nature. That's when the great crisis of 2008 erupted just to enhance such process in a more soundly fashion.

In the present perspective, the production process of the large-scale industry was gradually replaced, mainly in the central countries, as a consequence of both scientific and technologic process, by the productive procedures of the post large-scale industry mode of production. At the same time, the traditional industrial activities, mainly those of intensive work started to be dislocated with great intensity to the periphery of the system, particularly to Asia. Note what it represents in terms of international labor division. Activities which are still under the coercion of the socially necessary labor time, that is, of value, are dislocated to the countries where there is a great supply of labor force which reproduces itself at a low cost when compared

with the international standard. But the activities of the post large-scale industry are still kept in the central countries – especially in the United States – for they are sources of both economic and non-economic power. This very fact alone allows the existence of an asymmetry in the international exchanges amongst the imperialistic and subordinated countries. As the value of the post-industrial commodities is de-measured, its price depends strongly on monopoly power, which is guaranteed either by the technological content necessary to produce it or by royalties on intellectual property.

However, all these considerations doesn't erode the implications of the value de-measure.

At this point in his explanation about his comprehension of the global capitalist system developed from the 1970's on, McNally proposes a thesis which deserves a deeper conceptual study. Now, he says that “alongside and interacting with these changes, a wholesale reorganization of capitalist finance occurred, stimulated by a metamorphosis in the forms of world-money” (McNally, 2009, 406). He makes an obvious reference to the abandon of the dollar-gold standard, which happened in 1971, as well as the stimulus that it represented to the emergence of the finance globalization. With the end of the Bretton Woods agreement, the floating exchange rate was adopted, which generated enormous finance volatility uncertainties evoking the proliferation of new instruments designed to share the risk in a context of unstable international monetary relations. Not only it allowed a tremendous increase in the importance of the financial sphere within the global economic system, but also generated the so called economy ruled by the finance, characterized by the finance profits obtained in the circulation sphere of capital, whether speculatively or not, as well as within the productive and complementary activities.

Now, how is that possible to conceive fictitious money, that is, money emptied of value, if one of its functions is to be measure of value? In *Capital*, isn't money portrayed as a social form printed upon an appropriated use value, gold? Is this use value not a support of the social form “money” which is produced in capitalism as a commodity? How is that possible in Marx's perspective to conceive world-money which isn't strictly money-commodity? Here, as it follows, just money as a general equivalent is discussed.

Faced with these issues, three possible answers are perceived. The first states simply that Marx's theory is either totally invalid before the historic evidences or at least not able to be applied to the contemporary capitalism (Lavoie, 1986). The second, differently from the latter, states that the objective validity of the original theory. It supports the idea that, despite its opposite appearance, global money is still linked to gold and that special commodity still answers, in the final analysis, for the measurement of value function (Germer, 2005). The third one, intending to keep the critical power of the theory, states that whatever works as a measure of value doesn't necessarily need to bear any value as long as it is accepted as a general equivalent amongst capitalists. The general equivalence and thus the capacity to measure value may be assigned to inconvertible paper money, forcedly, by mean of the power of the capitalist state (Moseley, 2011).

Here, it is assumed that the first two statements are incorrect and the third one needs to be rectified. Note, as previously mentioned, that in Ancient Greece there was coined currency but there the category of value was not posited socially and historically. This consideration shows that money hasn't always been posited as a measure of value, as it happened during the historic period where the large-scale industry productive process prevailed. In Ancient Greece the value was not posited in the sphere of production. In general, in the pre-capitalist modes of production, money reflected the price of the goods without displaying any regular expenditure of labor within the production sphere. As mentioned before, in a situation where there wasn't any necessary social labor time constraint, value as such was only posited just at the moment of exchange.

And still in a preliminary way, note that the link of paper money to gold has been unmade many times during the capitalism history, even during the period where the large-scale mode of production reigned. It was done not only by the weak national states which didn't have gold provisions or were not able to keep them, but by those countries which pertained to the core of the imperialistic system and owned gold provisions. The national state, in such cases, took that extreme measure before the necessity of protecting its gold provision, in face of grave situations as wars, for instance. However, such rupture was not maintained for long. It contradicted the basic functionality of money in capitalism of the great industry which is to allow the systemic social process determine blindly the commodities equivalences. That's why it was strongly opposed by the bourgeoisie and their intellectual leadership that disputed the economic policy orientation.

There is no doubt that money as it is may take the form of paper money. This fact is shown by the history of the system. Moreover, there are no doubts that the institution of non-convertible currency occurs in the framework of the national states upon the power of the State. Then, the general equivalence of every good is settled by its intermediation. It is also true that the institution of a forced international currency (world-money), dollar, is based on the imperial power of the United States. The material support of the money form, therefore, may be imposed administratively and politically, instead of rising spontaneously as a result of the social process as it happened with gold in the early capitalism, even then not without the sanction of the capitalist state.

Yet, it is incorrect to think that the current world-money still works as a measure of value exactly in the same way stated by Marx's *Capital*. The values of a huge amount of commodities leaving the production lines, mainly in the central countries, are de-measured. The large-scale industry is giving room to the post large-scale industry especially in the central countries. In such circumstances, money maintains not only its price expressing function; it keeps its value expressing function too. But the quantum of value which is imposed at the time of the exchange is being implicitly arbitrated by the monopoly power of the big business. Fictitious money represents indeed labor and even labor time; it works as a value measure but not directly – it really depends on an implicitly equivalence with gold (Prado, 2012). That historical change does not suppress the commodity fetishism but puts out of circulation the gold fetishism in order to replace it by paper money fetishism. It isn't also able to suppress the exploitation, even if it makes it more and more mystified.

A conclusion to the issues stated above seems to be that fictitious money emerges and is affirmed in the society when there is, due to the very development of the capitalism, de-measure of value<sup>4</sup>. As it has also been shown, it came when an expressive amount of goods made in capitalist conditions, mainly in the central countries, is no longer submitted to the objective coercion of socially necessary labor time. So, an important fraction of the bourgeois – mainly the one linked to some kind of monopolist sectors that operate in the international markets – feels comfortable and that's why supports the imposition by the American State of a non-convertible global currency. Thus, the private interest of an expressive group of capitalists, which take central position in the system, is made the general interest of a whole nation and even beyond its limits (certainly not without opposition).

In short, the huge imbalanced expansion of the finance capital within contemporaneous capitalism, by virtue of the abolition of the global convertible currency in gold-money, is the counterpart of the social reality classified here as de-measure of value. Manipulating the monetary standard as a means of financing wars, decrease salaries, support the corruption bourgeois elite, etc., has always been possible, not to say necessary, in capitalist history; however, now, it is facing a deep transformation of money form, that is, as stated by McNally, facing a global money metamorphose. Fictitious money is not a theoretical fiction but a fiction which really exists; world-money has been turned into dollars and it is imposed all over the world as an immediate expression of the North American State imperial power in the economic field. Yet, and even more importantly, it is the convenient currency to capitalism as an on-going historic totality.

Now, the category of fictitious money, apparently freak, is acceptable in Marx discourse universe, because there it can be found the category of fictitious capital. However – and the following consideration is still more important –, it appears inside the theoretical speech as it is an effective way that money really exists at the present historical moment. The world-money transformation is an extreme required economic policy that benefits mainly the North-American imperialism, but the English, German, French and Japanese imperialism too. It was necessary in order to give sequence to the accumulation process at the current stage of the global capitalism development. It generates the necessary conditions to release the capital anchored in the imperialistic countries by certain historic limits and go forward in the exploitation, direct or not, of the labor force within the countries less developed in terms of capitalism. Thus, the capital accumulation grows globally even if it loses stream in the developed countries. In such process, alternatively, it is also transferred to the central countries the unpaid labor of the peripheral countries. Anyway, the accumulation imbalance within the finance sphere is articulated in a complex way

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<sup>4</sup> To Paulani, a renowned Brazilian left economist, the global money inconvertibility is a consequence of the "autonomy of social forms" or the "autonomy of the true social forms" (Paulani, 2009 and 2011) Here, not belittling such Hegelian theoretical proposal, very inspired indeed, it is necessary to remember a very important Marx's thesis: understanding the society development doesn't mean recognizing there the determinations of the logic concept but to apprehend the specific logic of the specific object (see Lukács, 2010, p. 77).

with the real accumulation imbalance, even if it doesn't follow it step by step (Kliman, 2012; Harman, 2009).

What do these considerations really mean? It was Zizek, when coming to the conclusion of a small critique essay on contemporary capitalism who supplied the adequate ending of the present article. He wrote the following: "Rather than submit these trends to moralizing criticism, we should read them as signs that the capitalist system is no longer capable of self-regulated stability – it threatens, in other words, to run out of control." (Zizek, 2012). In order to understand better this commentary, remember first that capitalism is a mode of production subjected to a systemic regulation, a process scarcely or even not controlled as a whole by humans. If during its development process it starts to demand a conscious regulation, not only to operate better (Keynesianism) but in order for it to continue to exist (something that has been forged within of both international and national governments), that's why it is pointing to post-capitalism. Meanwhile, the exploitation and class domination will continue to exist. But, as such regulation contradicts the capital "natural" liberty, the anarchic character of capitalism pointed by Marx is going to become more and more clear and evident – as well as its own tendencies to crisis is going to become more and more manifested too.

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