



Some thoughts about the value of commodities.

Everything is really quite complicated. I've been trying to connect everything in my head for a long time, but it's really hard. Here I will share how I understand the things related to Seth's first post so far. I may confuse some terms like “public” and “social”, but I think it is clear what it is about.

Here is what I think or how I understand what is described, reading this part from Capital:

<https://www.marxists.org/archive/marx/works/1867-c1/ch03.htm#:~:text=C%20%E2%80%94%20M.%20First,human%20labour.%20%5B17%5D>

One quote from there: “.... Lastly, suppose that every piece of linen in the market contains no more labour-time than is socially necessary. In spite of this, all these pieces taken as a whole, may have had superfluous labour-time spent upon them. If the market cannot stomach the whole quantity at the normal price of 2 shillings a yard, this proves that too great a portion of the total labour of the community has been expended in the form of weaving. The effect is the same as if each individual weaver had expended more labour-time upon his particular product than is socially necessary. Here we may say, with the German proverb: caught together, hung together. All the linen in the market counts but as one article of commerce, of which each piece is only an aliquot part. And as a matter of fact, the value also of each single yard is but the materialized form of the same definite and socially fixed quantity of homogeneous human labour.”

A product of labor can be a commodity and have value only if there is a public need for it - then the private working time (or part of it) invested in its production is socially useful. A commodity is a commodity only if it opposes another commodity or commodities and therefore the specificity of the mentioned public need is that it is not something else, but the need for someone to exchange their product for that product (this exchange is mediated by money, the universal commodity - I sell my commodity for the commodity-money, then with the money I buy another commodity - so I have exchanged my commodity with the other commodity). Such a public need for this product of labor may exist even before this product is produced, that is, there may be a public need for a certain amount of total social working time to be spent on this type of product, which is a link in the social division of labor. In other words, there may be an established need for this type of product from previous production and sales, and this need is also related to the price at which the product is sold - demand for a certain quantity with a

certain price. But until the product is produced, the socially necessary amount of labor is not materialized - or what is the same - its value exists in intangible form as a necessity. Necessity dictated by the social division of labor - the need to spend part of the social labor force precisely for this product.

But in order to look at these things in more detail, we have to start somewhere - we have to accept some initial conditions on the basis of which to think. Here we are interested in whether and to what extent the value of any produced quantity of a given kind is determined by the socially necessary quantity. Therefore, we will accept labor productivity as constant.

Let's assume:

1. All produce under normal conditions and use labor of normal intensity for each industry. This intensity can be and is different.
2. Labor productivity does not change.

Initially, we adopt an idealized picture of a society based on commodity production. We assume that in this society the entire social labor force is ideally distributed among all private producers. We assume that absolutely all manufacturers use exactly the socially necessary working hours for the exact socially necessary quantity of goods.

Under the conditions thus accepted, we have a balance of production and exchange, which takes place at naturally established and constant prices. We can assume that these are the so-called prices of production, and so we assume that this is still capitalist commodity production and the rate of profit of all producers is the same.

Although prices of production do not accurately express the value of individual commodities, they are still based on the value of commodities, the sum of prices of production being nothing but the total value of all commodities, expressed in a mental quantity of the commodity-money. But what is the value of the commodities?

We have accepted that everything is perfectly balanced - exactly the socially necessary amount of labor is spent for the exact socially necessary quantity of each commodity. In this situation, the values of two commodities relate to each other as the quantities of labor invested in their production relate to each other. The total amount of labor of society, which is spent again and again, is divided into portions of different sizes, depending on the type of commodities. It is this amount of labor, as part of the total amount of socially useful labor that is necessary for the production of a good that is its value. However, this definition requires further clarification, because at some point the socially necessary work may have been performed, but it may not have been performed yet, but to stand as a public necessity. We have a certain value - it may be materialized in a product, but the product may not have been produced yet and then the value exists only intangibly, as a necessity. The value of a given type of commodity sometimes materializes in the form of the material body of the commodity,

sometimes passes into the need to spend a certain amount of labor to produce this type of commodity.

Instead of the amount of labor, we can express the value by working time, with the proviso that 1 hour of simple labor does not correspond to 1 hour of labor of higher than average intensity. In terms of the amount of labor, 1 hour of work with medium intensity can be equal to 0.5 hours of work with twice bigger intensity and 2 hours of work with twice smaller intensity. The total astronomical working time in this example is 3.5 hours. But the total quantity of social working time is equal to 3 hours of work in medium-intensity. (If the three work 1 astronomical hour, each with the corresponding different intensity, i.e. a total of 3 astronomical hours, the total quantity of social working time will be equal to 3.5 hours of work in medium-intensity etc.) Now we can recall the analogy that Marx makes with the distribution of working time of Robinson Crusoe. Robinson Crusoe has determined how much work to put in for each of the necessary activities that he must perform. He determined how many hours of his entire working time (for example, one week) to spend on hunting, fishing, logging, cooking, etc. He "parceled out" his working time in parts of different durations, choosing for which activities to use the available time - he arranged in a hierarchy his needs in order of importance, and this assessment depends on the amount of work required to meet them, too. In this way, he defined what is called "the value of commodities" in a society based on commodity production - the required amount of labor for production of the products of labor, as part of the total socially necessary quantity of labor.

Every society does what Robinson Crusoe does - it distributes the cost of its own labor force so that existing needs are met. Societies based on different modes of production do this in different ways, but the said distribution appears as an objective necessity, as an irrevocable natural law.

Therefore, our pre-accepted image is not an arbitrary product of some fantasy, but it is the state to which every social production strives, regardless of whether it becomes conscious or unconscious by individuals. (See "Fetishism" and the letter to Kugelmann dated July 11, 1868) Now we can finally start our reasoning from the initially ideal state of commodity production, as we have accepted it:

1. The values of commodities are determined, which means that there are established socially necessary quantities of labor, which are constantly invested in the production of a certain quantity of each type of commodities, so that the public needs are precisely met.
2. Commodities are sold at, let's call them, the normal prices for this condition (prices of production). We have established the exchange values of all commodities, which correspond to the exact distribution of public labor by industry, etc. These prices do not change until something throws the whole system off balance. When the system goes out of balance, some social force or some social mechanism must oppose the cause of the

imbalance and act in the opposite direction - the direction of returning the balance in which the products of public labor meet existing social needs.

3. The value of the commodity-money (gold) does not change.

Let's introduce some terms:

"Materialized value" = "produced value" - the socially necessary amount of labor expended on a manufactured commodity.

(Commodity!, not just a product of labor. Commodities are by definition a socially useful product of labor, but not simply as useful consumer value, but as part of the social division of labor between private producers who have to exchange the products of their labor, so that everyone can acquire the product they need for consumption and thus their work makes sense. Everyone produces for someone else. I put my work into something useless of me. But after the exchange I get a useful for me product - only in this way the result of my work becomes a useful product for me. In order to get a useful for me product, I have to produce a useful product for others. Or, which is the same - someone must have produced a useful product for me to get product from me - a useful for him product).

"Non-materialized value" - the socially necessary amount of labor needed for a product not yet produced.

"Realization of value" = the goods have reached the end user through an exchange or a series of exchanges.

"Realization of use-value" = consumption of the natural, physical characteristics of the commodity.

"Value" - it can exist in two forms: materialized value or non-materialized value.

When the exact required quantity of a commodity is produced, the socially necessary working time for its production materializes - in other words, it can be said that the value of this type of commodity is "produced". This product is sold at the established normal price (provided that, as we have assumed, all other goods are also produced exactly in the required quantities and with exactly the required amount of labor).

Now let's see what happens if, for example, for some reason a certain type of product is produced in only half the amount needed. Then only half of the socially necessary working time materializes - only half of the value is materialized. Each individual part produced has a value equal to the value (the total amount of labor required for this type of commodity) divided by the number of socially necessary parts.

For example: The public need is: 20 pieces to be produced in 40 hours. The value of 1 piece is 2 hours of work (medium intensity, etc.). 10 pieces have been produced, so the value of 20 hours of labor has materialized and the other half of the value remains "hanging" as not materialized, as a public need to spend labor to produce the insufficient required quantity. Although not all the required quantity has been produced, each individual part produced has a value of "2 hours of work".

What can this lead to on the visible surface? First, it will turn out that the entire public need for this commodity will not be met. Some producers of commodities (we can include some of the hired workers, because it can be assumed that they produce their own commodity - their labor force) will not be able to exchange their product (or part of their product) for the shortage of goods as has been the case so far. Someone, at some unknown point in the market, will not be able to exchange all their manufactured products at all or will not be able to exchange them at the existing normal prices, simply because part of the total value produced so far is missing. The balance in production and distribution is disturbed - not all the socially necessary amount of labor has been invested - the whole total social value has not been materialized, not "produced". What can we expect in this situation?

The lack of non-produced commodity will lead, as we have said, to the impossibility of exchanging it with other commodities corresponding in value. Then not producing one commodity results in the loss of other commodities of the same value. The fact that not all the socially necessary labor has been invested in one commodity leads to the meaninglessness of the labor invested in other commodities. The total materialized value in society has decreased. The incomplete "production" of one value leads to the impossibility of realizing another value produced and existing so far. A doubling of an impossible for realization value appears, which before the balance was disturbed constantly existed either as a necessity or in a materialized form as a commodity. (Realization of value means that the commodity has reached its end user through exchange. Realizing or not realizing the value of one commodity is in fact realizing or not realizing the value of two commodities. Realizing the value of a commodity is not a realizing of its use-value - the last is realized after the exchange, in the consumption of the natural body of the product of labor). All this must lead to such changes in prices that would provoke appropriate actions of individual producers so that the objectively acting law tends to be implemented (to invest the necessary amount and even distribution of public labor needed to meet public needs). For example, it is possible for the price of the missing commodity "A" to increase above the normal price (price of production). Then even more of the other goods will not be able to be exchanged (at least at the old prices). The rate of profit for commodity "A" will increase, although in absolute terms it may decrease (but it may remain the same or even increase if the price increase is large enough). At the same time, the rate of profit of other commodities will decrease. Then sooner or later the competition will lead to some movement, redistribution of social labor - the production of "A" will be for some time more profitable than the average and the old producers will again begin to produce this product in the required quantity or in the production of "A" other manufacturers will also be involved. (Rather - first the amount of "A" will increase above what is necessary and then again will focus on what is necessary, but in the case of more than the required amount - below). However, once public labor moves towards the production of "A", this will lead to a shortage of production of other socially necessary goods. An excitement begins, some ebbs and flows, some pendulum-like movements of the available labor force between the various

branches of production, as the center around which all this fluctuates is an ideal state of production and distribution, in which the products correspond exactly to the existing needs specific to this type of society. This will be seen as a constant fluctuation of market prices around prices of production. It is not bad to note again that the formation of the set of needs in turn depends on how much work must be invested to meet them. This set also depends on the change in labor productivity in certain areas, but now we will not deal with this - we have assumed that labor productivity does not change. Also, the whole, the total value produced, can now differ from the total value produced in that ideal state of society from which we started.

So far, we have considered what happens if, for example, for some reason a certain type of commodity is produced in only half the quantity needed.

Now let's see what happens if more than the required amount of some kind of product is produced. We start again from the initial ideal state.

If more than the required quantity of product "A" is produced, only the necessary social working time is materialized (as in the exact required quantity) - now all this larger quantity of product has the value of only the required quantity of this product.

In general, less value can materialize, but no more value can materialize than the one currently established.

What is now the value of each individual part produced in the latter case? Now, unlike the first case, each individual part has a lower value only because more than the necessary parts of this type of commodity have been produced. The whole quantity is considered to be one commodity, and each separate part of it accordingly contains one part of its materialized value, of the necessary quantity of labor (here the commodity is not yet on the market). Once more than the required quantities have been produced, this means that more value has been spent in the form of machines, materials, etc. - some part of the so far circulating smooth value of raw materials, materials, etc. is spent unnecessarily, i.e. is lost. Nevertheless, although more has been produced than is currently needed, we know that a reduction in the price to some level below the normal price can expand the public demand for some kind of commodity and sell all parts, including those that before the price reduction were in excess.

In fact, we can assume that there will be the following trend: either the whole quantity will be sold at a lower price or one part of the goods will be sold at the established normal price, and the rest will simply not be sold or something in between these two options. In either of these options, the rate of profit of A's producers will fall below average. But since they have used more materials than necessary, somewhere these materials will not reach for the production of other commodities (we assumed that so far society produces exactly as many goods as needed and they are distributed exactly according to needs by exchanging at exactly the prices of production). Someone somewhere will not be able to materialize the value established for another type of commodities. One's mistake leads to consequences not only for him but also for others. Overproduction of one product does not lead to the production of

the required quantity of another product "B", because someone has not been able to buy all the necessary materials - they are bought and wasted by the manufacturer of "A". The reduced rate of profit for "A" makes producers reduce the volume of production. Furthermore, this reduction in the volume of production can gain such a speed that it cannot stop at the exact required quantity. On the other hand, the shortage of goods "B" will be an opportunity to increase the price of the produced smaller quantity than normal. The profit margin for 'B' will increase, although in absolute terms it may decrease (but may remain the same or even increase if the price increase is large enough)... and the reasoning from the first case is repeated. Again, the system begins to sway around its equilibrium, which we took for granted at the outset.

We move on. Let's say that exactly the required amount has been produced, with exactly the required amount of labor.

Even if exactly the required amount of the product is produced today, tomorrow before it is sold, the public need for it may change for some reason and may already differ from what has been established so far - for example, to decrease. Then it will turn out that more than the necessary working time has been spent - the value of yesterday's quantity produced today is less than it was yesterday.

If the public need has increased today, it turns out that less than the required working time has been spent, but this now means that all the necessary working time has simply not materialized, but only a part of it - only one part of the value of this type of product has materialized.

A product can be produced without a public need for it - then it is not a commodity and has no value, but appearing on the market can cause, create a need. Then it becomes a commodity and the average working time required for its production determines the magnitude of its value (the price may initially be any, but if this product is established, over time its market price will be subordinated to its price of production, which in turn mainly depends on its value).

Of course, if a product that has value (i.e. this product is a commodity) is destroyed or something hinders its sale, then the need for it remains. Value that was previously materialized has been lost - socially useful invested labor has been lost. However, the value of the product still exists in immaterial form as a necessity.

The socially necessary working time for each commodity, which must satisfy the social needs, is constantly changing - on the one hand, the needs change, and on the other hand, labor productivity. And because the producers communicate with each other not directly, but by exchanging their goods, then only on the results of sales the individual producers can find out how to continue to proceed.

So, how are the values of goods formed, how is the distribution of the total socially necessary working time in society established? Obviously in the continuous process of production and communication through exchange. Communication through exchange is expressed in the observation of the results of production, which on the market are seen as changes in the

exchange values of goods and as changes in individual rates of profit. Based on this, there are changes in the social distribution of labor, i.e. of how much labor for what to use. Thus, the socially necessary labor for all commodities is constantly regulated and adjusted, i.e. this is how the values of commodities are formed. The value of a given type of commodity is the socially necessary amount of social labor consumption, as part of the total labor consumed, which produces all the products needed to meet existing needs.

Value may materialize in a product or exist only as a public need, as necessary, not yet materialized social working time.

A few more thoughts that are only in their infancy here and I haven't quite clarified for myself: Why do two products from different manufacturers that have the same consumer value have different prices? There are many possible explanations here.

The two products are part of a total quantity of commodity of the same kind and accordingly the value of each separate part of this kind of commodity is the same. Both products satisfy the same need in the same way, but one is permanently more expensive than the other. This may mean that one is sold above its production price and the other below its production price. The profit margin of one may be higher than the average, and the profit margin of the other may be lower than the average. The more expensive product may realize a higher rate of profit or the cheaper product may realize a higher rate of profit if, for example, its labor productivity is higher. This difference in prices may be the result of the constant striving to improve the quality of the individual products of different producers of the same type of product, in order to displace the lower quality product from the market. Any change in the quality of one product, while the other does not change, actually leads to a change in its use-value, which means that the two products are no longer part of the same quantity of one type of commodity, but become two different types of commodities with two different social necessary labor, with a different socially necessary quantity of each of them. Although, let's say, each separate part of these (already) two commodities contains the same amount of labor, in general it may turn out that one of them is produced in a larger quantity than is socially necessary....

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Some thoughts about Transformation problem:

<https://justpaste.it/4mzsj>