

MARX'S "PHENOMENOLOGY" OF VALUE

Edward Main

One of Marx's Economic and Philosophic Manuscripts of 1844 is a short paper entitled "Private Property and Labor" in which Marx attempts to account for the realization that labor is the "subjective essence" of private property and labor. In brief, what Marx attempts is a history of the emergence of the labor theory of value. Both Marx's persistent claim that what he is talking about is a "subjective essence" and the curiously neat division into three stages by which he discusses that emergence (Mercantilism, the Physiocrats, and Adam Smith) led me to suspect that there was something of an Hegelian dialectic at work here, and, more specifically, that an analogy could be drawn to Hegel's use of dialectic in The Phenomenology of Mind. The claim I wish to make is that the Mercantile system of economics corresponds roughly to the state of mind described as "consciousness" in Hegel's The Phenomenology of Mind in that the mercantile economists 1) were unaware of themselves as doing "economics," but nevertheless 2) fostered a general policy that served the purpose of social unification (that is, no policy of that period was justified by appeal to a general theory of Mercantile economics; in spite of that, there was policy, and it was "economic"). The Physiocrats represent the position Hegel called "self-consciousness" in that 1) the Physiocrats were the first writers on economic topics who were aware that what they wrote was economic theory, and 2) they were aware of the role of labor in producing wealth but did not fully understand it. Adam Smith, then, would correspond to the third general position in Hegel's Phenomenology, "reason," in that he was fully aware of labor as the sole source of wealth; his identification of labor and wealth corresponds to Hegel's identification of subject and substance. Thus, what I am attempting in this article is, first, an interpretation of an article by Marx, and, second, an exercise in the application of dialectic to the history of ideas.

I propose to approach this topic in the following manner: first, I will present a general discussion of the dialectic as it is used in Hegel's Phenomenology.

Second, I will discuss each of the three economic positions independently of either Hegel's or Marx's system. Third, I will present Marx's interpretation of these three economic positions in light of the general characteristics of the moments in Hegel's dialectic. Whereas the discussion of Hegel's dialectic will occupy a section of its own (in order to develop the terms), the last two sections will be somewhat collapsed in that after discussing Mercantilism as an historical phenomenon, I will proceed to a discussion of Marx's interpretation of it, then discuss the Physiocrats, Marx's interpretation, etc.

As it appears in The Phenomenology of Mind, the dialectic is a process of externalization and return to inner immediacy. In general, the first moment in a dialectical development is an immediate intuition constituted by the act of the mind in thinking it. It is, in a sense, a given in that there is no justification for it (justification would be mediation) other than its presence, its appearance in the mind. It is "being-in-itself," i.e., the mind as thinking, but passive in that the mind is not aware of its own activity, but sees itself as taking rather than making its content.

. . . the positive existence of mind qua primary and ultimate, is nothing but the immediate aspect of mind, the beginning; the beginning, but not yet its return to itself. The characteristic feature distinguishing this part of science [Phenomenology] from the others is the element of immediate existence.¹

The general section of The Phenomenology of Mind entitled "consciousness" represents, in general, this first moment. Consciousness is not self-consciousness (yet); the mind is aware, but not of itself. "Consciousness" itself, however, also contains within itself a dialectic, the first moment of which is "sense-certainty;" the stance of certainty reflects passive acceptance and uncritical immediacy. As Hegel develops it, this position of sense-certainty likewise contains a dialectic issuing from the immediacy of the "this." The abstracted recurring characteristic of the "first moment" in a dialectical development is this attitude of passive immediacy by the mind regarding its content. It is important to realize that this passivity of the mind is how the mind sees itself, for, as we shall see, the mind is, in reality, active. The important element is that of immediacy, the identity of the mind with itself; it is the element of passivity that is the source for the transition to the second

moment.

This passivity of the first moment is untenable, for it rests on a contradiction. The mind regards itself as passive, but in fact it is active. Simple consciousness is thinking; certainty is made by the act of taking-for-granted, and the "this" is located by the mind. The truth will out, and when the mind discovers the fact of its own activity, it realizes that its content (that of which it is aware) is its own creation and that, therefore, the activity of the mind is the object it knows. If the first moment is characterized by passive immediacy, the second moment is characterized by active transcendence. The mind separates itself from itself; it becomes "being-for-itself." It is "for-itself" in that it is its own object, it looks upon its own activity as an "other." Consciousness becomes self-consciousness.

Consciousness knows and comprehends nothing but what falls within its experience; for what is found in experience is merely spiritual substance, and, moreover, object of its self. Mind, however, becomes object, for it consists in the process of becoming an other to itself, i.e., an object for its own self, and in transcending this otherness.²

This transition is effected by negation ("the factor of negativity"). The negation involved is the rejection of pure immediacy alone as constituting mind. Consciousness is a state of mind, but not the most perfect state of mind (although there are no states of mind without consciousness); the movement from the first moment to the second (at least) derives from the inadequacy of immediate apprehension to constitute the whole of consciousness.

But if the second moment is the negation of immediacy as the sole constituent of mind, it is also the positing of transcendence as capturing the essence of mind, an equally untenable position if taken exclusively. The transcendence of mind is realized as a reaction against passive immediacy, and without that immediacy there is nothing to transcend. The transcendence of mind is essentially reflexive (although this may not as yet be realized by the mind); it is for itself, yet the stance mind takes in that position is that mind (as object) is other than itself, a contradiction as devastating to the second moment as the assertion of passivity is to the first.

The first two moments (immediacy and transcendence; being-in-itself and being-for-itself) thus

emerge as opposites, maintained by a tension of self-denial effected by the internal contradiction of the other moment; the second moment is the denial of passivity in the first moment, and likewise the first moment becomes the denial of the mind's otherness to itself asserted by the second moment). The first and second moments negate each other, yet they also entail each other. The mind impels itself from one moment to the other by the "contradictions" (or "oppositions") in each. The third moment, negatively put, is the negation of this mutual negation maintained by the first two moments (the third moment does not negate the first two moments in the same sense that the second moment negates the first; what the third moment does is to deny the incompatibility of the first two moments). Positively, the third moment is the recognition of the mutual dependence of the first two moments on each other and the maintenance of the truth each realized. The third moment reasserts the self-identity of the mind; as being-in-itself-and-for-itself, it recognizes that mind is its own proper object, but denies that this entails mind being other than itself; it reasserts the immanence of mind to itself, but denies that this self-identity entails passivity. In the third moment, subject and object are not taken as mutually exclusive. Subject and object imply each other: the object is constituted by its delineation by a subject, and the subject is constituted by its delineation of an object. Each (subject and object) is the necessary condition of the other. Mind as object requires mind as subject, and vice versa.

Having discussed the nature of the dialectic as it appears in Hegel's Phenomenology, I shall now proceed to my next task. There is an immediate problem posed by a discussion of Mercantilism; it never existed. Mercantilism was not an "ism," nor was the Mercantile system a "system." "The Mercantile System" was a phrase coined by Adam Smith to describe an historical set of certain governmental policies oriented towards the regulation of commerce; the word "Mercantilism" was first used by Gustav Schmoller, a German historian, in his book, The Mercantile System in Germany, published in 1884. Historians, nevertheless, have found the terms useful and accurate for an understanding of certain general trends in the governmental policies of sixteenth-, seventeenth-, and eighteenth-century Europe.

Among the general trends that characterize Mercantile economics are, first, governmental regulation of commerce, which by itself reveals a realization of the importance of economic activity, and, secondly,

that these regulations were to promote, not so much commerce per se, but the centralized power of the state. These two trends, in turn, were based upon two assumptions: first, wealth means power; this assumption in itself could have produced both of the above mentioned trends: since the main concern was for the power of the centralized government, an increase in power required an increase in wealth, which directs attention toward economics as the means of obtaining wealth. Second, there is only a finite amount of wealth to be had at any one time, and therefore, the increase in wealth by any one state entails the proportional impoverishment of other states. The chief effect of Mercantile policy was the unification of the state, that is to say, the unification of society as a whole, as an economic whole united by economic policy.

Due to the absence of a "school" of Mercantile economics, there was some variation in the specific legislation and policies put into effect from country to country. Since Marx referred to the essentially French Physiocratic school of economics (as the successor to Mercantilism), I will discuss a French Mercantilist -- Jean-Baptiste Colbert. Colbert was the primary minister of Louis XIV, and it was he who directed the government while Louis occupied himself with his wars and building Versailles. In a letter Colbert sent Louis in 1670 on government revenue, he discussed policies that are archetypically Mercantilist. Although the letter is chiefly concerned with specific actions to be taken, Colbert does wax theoretical often enough for the assumptions behind his policies to emerge. He notes that the revenues of the government are directly proportional to the sum total of money present in the kingdom, and that continuous taxation without an increase in that sum total of money would decrease governmental revenue. If a man has one hundred dollars, a ten percent tax provides ten dollars for the government and leaves the man with ninety; the next year, however, the same ten percent tax on the remaining ninety dollars would yield only nine dollars in governmental revenue, leaving the man with eighty-one, and so on. He concludes that to safeguard governmental income, there must be a constant increase in the total amount of wealth present in the nation.

From this a clear and obvious conclusion may be drawn: that both the soundness of the finances and the increase of Your Majesty's revenues depend upon increasing by every possible means the quantity of coin circulating within the realm³

To secure this increasing wealth for the nation, he proposed policies designed, externally, to deprive foreigners (chiefly the Dutch) of the benefits of shipping (by severely taxing the cargo of foreign vessels and increasing France's own merchant fleet), and, internally, to promote trade within France by abolishing taxes on river shipping.

I mention these policies in order to demonstrate two points: first, in Mercantilism, society was assumed to be a unified whole; second, society has as its proper object, the object of governmental policy, the accumulation of wealth. Nevertheless, this wealth is external to the society which acquires it. Wealth is not a product of that society. It is this assumption, the separation of society and the wealth it acquires, that forms an analogy to the first moment of Hegel's dialectic. The first moment was characterized by the "givenness" of the object of knowledge to mind (immediacy) and the self-identity (unity) of mind. The state is likewise self-identical; it is assumed to be an interrelated whole, and the destruction of internal barriers was one aspect of Mercantile policy. Nevertheless, money ("precious metals" for Marx) is uncritically identified as wealth; money, as value, is "given." Money is wealth-in-itself, it is valuable because money is valuable. Society is likewise "in-itself;" it is a whole which is passive before wealth in that it does not create wealth, it merely acquires it, in the same sense that, in "consciousness," the mind does not see itself as creating its objects, but merely as receiving them.

Likewise, the fact that Mercantilist theoreticians were not aware of themselves as proposing a general theory of economics (they merely recommended certain specific policies), but nevertheless did discover the vital role economics plays in society, is the source of another analogy to the first moment of Hegel's dialectic. They did economics, they were conscious economically, but they were not conscious of economics. They were not self-conscious; they were concerned with the immediate activity of doing economics, but they had not considered the ramifications of identifying society as economic activity (in fact, Colbert considered his policies supportive, rather than constitutive, of society and government).

Nevertheless, just as it was eventually realized that consciousness is an activity and in fact makes its objects, so it was realized that commerce is an activity and, if not actually creating wealth, is an activity that enriches the nation. It is precisely the Mercantilist notion that wealth is to be found

outside the nation (it must, if it is to increase the sum of wealth in the nation) that was the focus for the Physiocrats' criticism. Just as the objects of mind are not other than the mind, so, for the Physiocrats, the wealth of the nation is not to be sought outside the nation.

The "Physiocrats" were so named because their basic position was one of the "rule of nature;" it was from them that the phrase "laissez faire, laissez passer" originally came. They held the position that the best economic policy was one that derived from each individual's natural right to property and which did nothing to interfere with that right. Francois Quesnay was once asked what he would do if he were king; his answer was "nothing." The Physiocrats represent the first self-proclaimed "school" of economics, one that -- true to the spirit of the Enlightenment -- sought to locate the principles of natural law at work in economics.

The chief doctrines of Physiocratic theory were, first, that the regulation of the economy by the government be decreased or eliminated, and, second, that attention be focused on internal rather than external sources of wealth (i.e., the promotion of agriculture at the expense of foreign trade). Both of these suggest a continuation of the Mercantilist goal of national unification with the addition of a concept of national self-sufficiency. The nation is to fulfill its own needs; it is the source of its own wealth.

The first principle, that of decreasing direct governmental regulation of the economy, derives from the Physiocrats' belief in the natural right to property; for the economy to function well, the individual must be secure in his property: "Car la sûreté de la propriété est les fondement essentiel de l'ordre économique de la société."⁴ Only when the individual feels that his right to enjoy the fruits of his own labor will not be infringed upon, will he labor to produce those fruits.

C'est la sûreté de la possession permanente qui provoque le travail et l'emploi des richesses à l'amélioration et à la culture des terres et aux entreprises da commerce et de l'industrie.⁵

Nevertheless, of these three -- land, trade, and industry -- the Physiocrats held that only cultivation of the land provided an expanding source of wealth.

Of all kinds of wealth, only the gifts of the land constantly reproduce themselves, because ordinary needs are always the same. Manufacturing only produces very little beyond the salaries of the men who are employed. Monetary transactions only produce fluctuations in a symbol that by itself has no real value. It is the earth alone that gives true wealth, whose yearly renewal assures the state of revenues that are fixed, independent of public opinion, visible, and that people cannot hide for their own needs.⁶

Whereas the Mercantilists were concerned with procuring for the nation an ever larger proportion of a fixed wealth, the Physiocrats saw in agriculture both the source of wealth given by nature (satisfaction of physical needs) and a non-depletable, continuing source of such wealth.

This natural, reproducing wealth can even be amplified by the scientific use of labor in intelligent farming. It was at this point, however, that the Physiocrats, as Marx saw it, went wrong. In the Physiocrats, Marx saw the first realization of the role of labor in the creation of wealth. Unfortunately, they fell short of the full realization that labor alone is the source of wealth and still sought an external source of wealth in the produce of the land.

All wealth is resolved into land and cultivation (agriculture). . . . Thus the subjective essence of wealth has already been transferred to labor. Hence, labor is not yet grasped in its generality and abstraction: it is still bound to a particular natural element as its matter, and it is therefore only recognized in a particular mode of existence determined by nature.⁷

Labor, any sort of labor, is not ipso facto considered to be productive of wealth, i.e., it is not realized that labor is the general, essential element in all wealth; instead, wealth-producing labor is seen as being of only one sort -- farming. Thus, Marx attempts to point to what he takes to be an internal contradiction in Physiocratic theory -- it both denies and affirms labor as the source of wealth.

The land is here still recognized as a phenomenon of nature independent of man -- not yet as capital, i.e., as an aspect of labor itself. Labor appears, rather, as an aspect of the land.⁸

The relationship between land and labor is misconstrued by the Physiocrats (although, to their credit, they recognize that there is a relation), and therefore, their attitude towards the role of labor in producing wealth is in error. Labor is seen as a qualification of land (an activity that qualifies, forms and directs, the land and its products), not land as a qualification of labor (labor can be qualified as farm labor, industrial labor, etc.), that is, it is not understood that farming is merely one particular form of the general wealth producing activity of labor. Labor is seen merely as the means by which men channel the fruits of the earth to themselves. Labor is not understood as creating wealth, but rather merely as gathering, acquiring a wealth that is still seen as existing independently of men. The role of human activity relative to wealth is recognized, and it is this activity that is made the object of policy. Nevertheless, it is an activity separate from that wealth; it is alienating in that the labor neither increases nor diminishes the value of what is produced (although it does affect the quantity). Instead, the labor is objectified as the gleaned product that alone is valuable. Wealth is not a simple given, an "in-itself" as it appears in the Mercantilist notion of wealth as precious metal; rather wealth is seen as a wealth for man (i.e., food), and that wealth requires human activity to acquire it. Wealth is thus, in a sense, "for-itself" in that it is known to be the product of human labor. Yet it is not an "in-itself-for-itself" in that labor per se, labor alone, labor in its generality, is not taken to be wealth. Instead, the labor that produces wealth is separated from men, alienated, and projected into the product. Though wealth is essentially the creature of labor, this understanding is confused and altered by the earlier Mercantilist conception to which it was opposed; agricultural commodities in the end merely supplant precious metals as the proper focus for labor (i.e., agricultural commodities as valuable in themselves). The recognition of the role of labor in agriculture both brings labor as a value-creating activity to consciousness and simultaneously abstracts from labor that self-same creative activity of which it is conscious. It is the fruits of the earth that have value, even though that value is a value for men. This, then, is the intrinsic contradiction in the Physiocratic attempt to locate wealth-producing activity solely in the particular activity of farming; this conception (the value of labor) impels itself back to a Mercantilist conception with farm products taking the place of precious metals. Nevertheless, wealth is not "in-itself," a passive self-sufficient thing, rather it is the embodiment of an activity, a

"for-itself," that is productive of valuable objects. There is thus a need for a conception of wealth as "in-itself-for-itself," a need fulfilled by Adam Smith with his attribution of wealth entirely to the products of labor, any labor. Only by thus generalizing the value of labor is the self-destructive tendency of any attempt to attribute wealth to the products of any particular kind of labor corrected.

In many ways, the economic system devised by Adam Smith represents an intentional synthesis of the Mercantile and the Physiocratic positions. Smith rejected the Mercantile identification of wealth as money, but maintained the idea of trade as essential for wealth. He likewise rejected the Physiocratic notion that agriculture is the only source of wealth, but maintained their conception of a self-running, free trade economy. His main original contribution was a justification for industry as an equally valuable source of wealth as agriculture. By this broader conception of the value of labor, Smith sought to overcome a problem inherent in the Physiocratic formula: if agriculture alone is the source of wealth, how could anyone who is not himself a farmer offer a commodity of any value in return for the fruits of the earth. Here Smith reintroduced the concept of trade (ideally the exchange of goods of equal value) within the framework of a self-sufficient society. That is to say, Smith internalized the Mercantile notion of trade. Mercantilists had conceived of a lop-sided trade by which a favorable balance of trade (more wealth, i.e., gold, entering a country than leaving it) would provide a constant source of new wealth within the country, insuring a constant tax base for government. In an argument borrowed from David Hume, Smith claimed that gold acquired in such a favorable balance only causes prices to rise (since there is more money in circulation to buy things with) and that the balance then reverses itself on the next trading round (due to the higher prices). The stockpiling of wealth is a self-defeating activity. Money is not the measure of wealth, rather it is the medium of exchange and, like water, it seeks its own level.

Others admit that if a nation could be separated from all the world, it would be of no consequence how much, or how little money circulated in it. The consumable goods which were circulated by means of this money, would only be exchanged for a greater or a smaller number of pieces; but the real wealth or poverty of the country, they allow, would depend altogether upon the abundance or

scarcity of those consumable goods.⁹

Smith thus stood the Mercantilists on their heads; trade is not in the service of money, money is in the service of trade.

Against the Physiocrats, Smith argued that, although it is true that agriculture produces real wealth, if that constant amplification of wealth is to be meaningful, it is necessary to have a balancing source of non-agricultural wealth to use up the surplus of farm produce and to provide the farmers with valuable goods in exchange for their products from the land.

The continual increase of the surplus produce of their land would, in due time, create a greater capital than what could be employed with the ordinary rate of profit in the improvement and cultivation of land; and the surplus part of it would naturally turn itself to the employment of artificers and manufacturers at home.¹⁰

Likewise, merchants are necessary mediators in this process in order to maintain this trade.

By means of the industry of merchants, artificers, and manufacturers, the proprietors and cultivators can purchase both the foreign goods and the manufactured produce of their own country which they have occasion for, with the produce of a much smaller quantity of their own labour than what they would be obliged to employ if they were to attempt, in an awkward and unskillful manner, either to import the one or to make the other for their own use. By means of the unproductive class, the cultivators are delivered from many cares which would otherwise distract their attention from the cultivation of land.¹¹

Smith generalizes the notion of labor, that is to say, he posits labor in general as valuable. Farm labor loses its value unless there are other forms of labor to distribute and consume its products. Smith thus identifies wealth as valuable objects (be they farm or factory goods) with the labor that produced them: substance (wealth) is subject (labor). Wealth as a substantial commodity is merely the objective form of the activity that produced it.

It is for this reason that Marx lauded Smith as "the father of Political Economy," for just as Luther,

by his doctrine of "justification by faith," identified each individual as the locus of true religious feeling, so did Smith identify each individual as the locus of true value (via his labor).

Just as Luther recognized religion -- faith -- as the substance of the external world and in consequence stood opposed to Catholic paganism -- just as he superseded external religiosity by making religiosity the inner substance of man -- just as he negated the priest outside the layman because he transplanted the priest into laymen's hearts, just so with wealth: wealth as something outside man and independent of him, and therefore as something to be maintained and asserted only in an external fashion, is done away with; that is, this external, mindless, objectivity of wealth is done away with¹²

According to Luther, ultimate religious authority resides solely in the individual; it is his faith (or lack of it) alone that determines his relationship to God. Each individual, by his faith, has direct access to God's grace (the meaning of Luther's concept of "the priesthood of all believers;" each believer, in virtue of his faith, is a priest). To use Marx's terminology, religion was internalized via this concept, in contrast to the Roman Catholic reliance upon external authority. Likewise, in economics there is no external source of authority, neither in precious metals nor in agriculture, that in itself constitutes objective wealth. The ultimate source of wealth (as with religion) lies in the activity of the individual; just as a man's religion is constituted by his faith, so is wealth constituted by his labor. Each individual is thus inherently valuable as the ultimate source of wealth.

Marx derived the analogy between Smith and Luther from Frederick Engels, though there are some differences in the way the analogy is constructed. Engels contrasts Smith to Mercantilism, neglecting the intermediate stage of Physiocracy. For Engels, Mercantilism was like Catholicism in that they both recognize the fundamentally base nature of human motivation.

The mercantile system still had a certain artless Catholic candor and did not in the least conceal the immoral nature of trade. We have seen how it openly paraded its mean greed.¹³

Smith, for Engels, resembles Protestantism in that a virtue is made of a vice ("Protestant hypocrisy took the place of Catholic candor"), since for Smith trade is justified as a unifying rather than an antagonizing enterprise. Engels, however, approved Smith's position, seeing him as "humanizing" trade.

Marx's appraisal of Smith went beyond Engels'; to Marx, Smith did not merely soften an inequity, he exposed a fundamental truth. The identification of labor and value does not merely make work bearable, rather it represents a profound advance in human consciousness, an advance marking the emergence of a new epoch (just as Hegel's identification of substance and subject was to introduce a culminating era). For Marx, it is more than just a new belief, rather it represents the realization of a fundamental truth regarding the nature of the human world.

In summary, this is the position I have tried to develop: Marx's conception of the emergence of the labor theory of value parallels the dialectical development of mind as presented in Hegel's The Phenomenology of Mind. Specifically, the development is as follows: Mercantilism represents an economic conception analogous to Being-in-itself in that wealth is seen to be a property of external, independently existing, and inherently valuable objects; labor neither increases nor diminishes that value, but merely serves to acquire it. The Physiocratic position is the analog of Being-for-itself in that the role of human activity is recognized as integral to wealth; nevertheless, this activity is dehumanized in that value is still predicated of an external object (although it has a value for man, i.e., as food) and only one form of labor is admitted to be value producing. Adam Smith represents the culmination of the dialectic -- Being-in-and-for-itself. Labor, at last, is seen as the sole constituent of value; value is no longer objective, independent of the individual, but is subjective, identical with his activity.

Southern Illinois University

NOTES

¹G.W.F. Hegel, The Phenomenology of Mind, trans. by J.B. Baillie (New York: Harper Torchbooks, 1967), pp. 95-96.

²Ibid., p. 96.

³Jean-Baptiste Colbert, "Memorandum to the King on Finances, 1670," The Seventeenth Century, 1600-1715, ed. Andre Lossky (New York: Free Press, 1967), p. 283.

⁴Francois Quesnay, "Maximes Générales du Gouvernement Economique d'un Royaume Agricole," Oeuvres Economiques et Philosophiques, ed. Auguste Oncken (New York: Burt Franklin, 1969), p. 331.

⁵Ibid., p. 332.

⁶"Farm Laborers," Diderot's Encyclopedia, ed. Stephen Gendzier (New York: Harper Torchbooks, 1967), p. 108.

⁷Karl Marx, "Private Property and Labor," The Economic and Philosophic Manuscripts of 1844, ed. Dirk J. Struik (New York: International Publishers, 1964), p. 130.

⁸Ibid.

⁹Adam Smith, The Wealth of Nations, Vol. II, (New York: P.F. Collier and Son, 1905), p. 126.

¹⁰Ibid., Vol. III, p. 19.

¹¹Ibid., p. 16.

¹²Marx, p. 128.

¹³Frederick Engels, "Outlines of a Critique of Political Economy," The Economic and Philosophic Manuscripts of 1844, ed. Dirk J. Struik (New York: International Publishers, 1964), p. 202.