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THE AUTONOMIZATION OF ABSTRACT WEALTH: NEW INSIGHTS ON THE LABOR THEORY OF VALUE

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Abstract

We theorize the forms of value in the Marxist system in a way that challenges the dominant tradition. The standard procedure has been to read Marx's *Capital* as an analysis that begins at a high level of abstraction and moves toward more concrete concepts. Our alternative approach posits that the forms of value in the Marxist system evolve from more concrete toward more abstract forms of wealth that increasingly separate from and obscure labor exploitation. Our procedure therefore replaces the dominant interpretation of 'successive approximations' employed by most scholars. We develop a broader account of Marx's project alongside textual evidence retrieved from many of his writings. We also provide a new way to incorporate the monetary, financial, and rentier forms of wealth into Marx's labor value theory. The proposed alternative approach can potentially open a research agenda on the contemporaneous dynamics of abstract and concrete forms of wealth in advanced capitalism.

Key Words: Marx; Capital; Abstract Wealth; Autonomization; Labor Theory of Value

JEL Classification: B51, B14, B24

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1. Introduction

The standard interpretation of the value system in *Capital* posits that Marx gradually progressed from the most abstract toward the most concrete levels of analysis. It understands Marx's method as a method of 'successive approximations' in which the most abstract concepts are successively enriched with new concrete determinations. This interpretation became dominant in the Marxian tradition and has appeared in the works of major scholars.

In this article we re-conceptualize the labor theory of value in the Marxist system and propose a different understanding of the larger project in *Capital* in a way that challenges the dominant tradition. Our interpretation posits that Marx developed a system of categories that evolve from more concrete toward more abstract forms of wealth, which progressively separate from and obscure labor exploitation. Our procedure therefore replaces the dominant interpretation of successive approximations.

While we grant that Marx progressed from more abstract to more concrete concepts, we argue that the dominant interpretation is incorrect because it does not rightfully capture the dialectical method that Marx learned from the Hegelian tradition. The introduction of each new value form does not negate or replace the concepts that were introduced earlier, but rather incorporates and reinterprets them. The dominant interpretation is also inadequate since it does not incorporate the opposite and complementary progression from more concrete to more abstract forms of value. The movement toward more concrete analysis is also a movement toward more abstract value forms.

The term 'abstract' has two concurrent but different meanings in Marxian analysis. In the standard interpretation, 'abstract' refers solely to the distance between the level of analytical ab-

straction and the concrete complexity of the object of analysis. In our approach, ‘abstract’ also refers to the distance between the forms of value and the source of value, namely the exploitation of productive labor. Abstract forms of value are forms of value separated from value-producing labor by increasing layers of mediation. Even though all value derives from the exploitation of productive labor, individual capitalists can still generate new forms of abstract wealth that gradually separate from and obscure the source of value.

We present textual evidence to offer a new account of the structure of Marx’s writings over the three volumes of *Capital* and also in his earlier works and drafts, such as the 1861-63 *Theories of Surplus Value*, the 1857-58 *Grundrisse*, and the 1861-63 *Economic Manuscripts*. In our approach we explicitly define and identify the meaning of each concept in the theoretical structure. This procedure then allows us to incorporate in a new way the monetary, financial, and rentier forms of wealth into the Marxist labor theory of value. Compared to the standard interpretation, we provide a clearer and broader account of the inner connections present in Marx’s chain of concepts.

The relevance of the interpretation that we develop is twofold. First, it allows the Marxist tradition to overcome an inadequate understanding of how the Marxist value system operates. Second, it potentially opens a new research agenda on contemporaneous forms of capital valorization that explicitly incorporates the dynamics of abstract wealth in advanced capitalist economies.

2. Successive Approximations vs. Autonomization

Marx’s unique combination of English and German philosophies in the nineteenth century inaugurated a long tradition of debates about the proper framework for doing political economy. In

the late 1920s Henryk Grossman (1992, p.12) originally developed the idea of ‘approximations to reality’ from the abstract to the concrete, an approach later buttressed by the publication of Rosdolsky’s 1968 path-breaking *The Making of Capital*. Grossman’s insight found resonance in several major publications thereafter. Maurice Dobb and Paul Sweezy were among its most fervent supporters. For example:

Marx believed in and practiced what modern theorists have called the method of ‘successive approximations’, which consists in moving from the more abstract to the more concrete in a step-by-step fashion, removing simplifying assumptions at successive stages of the investigation so that theory may take account of and explain an ever wider range of actual phenomena. [...] [T]he results achieved in Volume 1 ... undergo a more or less extensive modification on a lower level of abstraction, that is to say, when more aspects of reality are taken into account. (Sweezy, 1970, pp.11-18)

Although widely accepted, the ‘successive approximations’ interpretation is inaccurate. As a description of the world, Marx’s analysis moves from highly simplified abstractions to a more complex, richly detailed, concrete level of analysis. For Grossman and his followers (among whom we find Sweezy, Dobb, Ronald Meek, Böhm-Bawerk, Bortkiewicz, and modern Sraffians), Marx’s method consists of moving from unrealistic mental constructs toward greater consistency with concrete reality as if, over and over, Marx were making claims that he knew to be false. But in no way does Marx correct his supposedly false assumptions as he moves toward greater concreteness. Contrary to the idea that “stage by stage, the investigation as a whole draws nearer to the complicated appearances of the concrete world and becomes consistent with it”

(Grossman, 1992, p.12), Marx never claimed his assertions to be inconsistent with reality at any point of his analysis.

Capital is a work in the Hegelian tradition of systematic dialectics. Each category in the system establishes a structure that incorporates the structures of previous categories and is then incorporated into the structures of subsequent categories (Smith, 1993, p.155; 1990). Marx's system is therefore constructed as a chain of internal logical relations, a totality in which categories at different levels of abstraction are meaningful only in their relationship to one another (Arthur, 1996, p.194; 2004). Even though *Capital* progresses from the more abstract to the more concrete, the 'successive approximations' interpretation does not correctly capture that progress since there is no logical or conceptual motivation for the transitions.

In addition, as we demonstrate in this paper, at the same time that Marx's analysis moves toward the more concrete, the object of analysis – the forms of wealth – become increasingly more abstract, more separated from the generation of value by productive labor. The progression in the system toward more abstract forms of wealth is therefore structured in direct opposition to the concomitant progression toward higher concreteness of those same analytical categories. The double inaccuracy of the standard framework stems, first, from a misunderstanding of the idea of levels of abstraction in the Hegelian tradition and, second, from not incorporating the organizing principle of concrete and abstract forms of wealth at each of these varying levels of conceptual abstraction.

We define *autonomization* as the progression of value forms toward higher levels of abstraction – and this is the progression of the analysis through the three volumes of *Capital*. The source of all value lies in the exploitation of productive labor. Autonomization then labels the

progressive separation of the forms of value from its source through the gradual introduction of new layers of mediation between value forms and labor exploitation. Marx himself originally employed the German word *Verselbstständigung* to mean ‘transition to independence’, ‘gaining own momentum’, or simply ‘autonomization’. More strikingly, he indicated that capital comprises both autonomization and class relations:

Capital, as self-valorizing value, does not just comprise class relations, a definite social character that depends on the existence of labor as wage-labor. It is a movement, a circulatory process through different stages ... Hence it can only be grasped as a movement, and not as a static thing. Those who consider the *autonomization [Verselbstständigung] of value* as a mere abstraction forget that the movement of industrial capital is this *abstraction in action*. Here *value passes through different forms*, different movements in which it is both preserved and increases, is valorized. (Marx, 1992, p.185 – emphasis added)

In this very illuminating passage it is possible to note three crucial ideas on the dynamics of the forms of wealth: that valorization occurs together with the autonomization of value; that the autonomization of value forms is not just a conceptual abstraction but objective abstraction in action; and that value passes through different forms across its valorization circuit.

The term ‘concrete’ originates from the Latin word *concretus*, the past participle of the verb *concrecere*. ‘Con’ means together, and ‘cretus’ means grown. Thus concrete means ‘grown together’ or ‘formed by aggregation’. That is what Marx meant when stating in the 1857-1858 introduction to the *Grundrisse* that “[t]he concrete is concrete because it is the synthesis of multiple determinations, hence unity of diversity” (Marx, 1973, p.101). A concrete object –

which need not be tangible – is concrete as long as it is present with all of its particular determinations (color, time, location, smell, texture, usefulness, physical attributes, conceptual attributes etc.). The abstract is the opposite of the concrete. From the Latin word *abstractus* and the verb *abstrahere*, abstract means ‘drawn away’ or ‘separated by force’. The abstract draws away from the specificity of the concrete. An abstraction occurs when a certain characteristic of a concrete object is isolated from the other determinations. Even though they affect each other, the abstract and the concrete co-exist as two differentiable determinations of the same object.

Drawing from Marx, we employ the term *value* to designate *abstract wealth*, and the term *use-value* to designate *concrete wealth*. Concrete and abstract wealth are not two types of wealth but rather the two co-existing determinations of the same wealth produced in capitalism. Concrete wealth is qualitative wealth in its specific and particular aspect; it exists through use-values, the particular qualitative usefulness of tangible and intangible goods and services. Abstract wealth is quantitative wealth present with only one of its multiple determinations. In capitalism one particular quantitative aspect, namely the value of such useful concrete use-values is then forcefully isolated (abstracted) from the qualitative aspects. Concrete wealth can then be priced and evaluated in monetary terms, implying that concrete wealth becomes evaluated and measured through abstract wealth.

Adam Smith ingeniously posited that the source of monetary, or priced wealth is labor. Smith was the first to understand that human labor creates not just concrete wealth (particular useful use-values) but also abstract wealth (value). He also understood that it was abstract wealth that allowed concrete wealth to be measured as well as traded in markets. Even more, Smith traced the origin of monetary prices to the values produced by labor. But it was only almost a hundred years later with Marx that the origin and magnitudes of monetary profits in capitalism

were adequately connected to the values produced by a socially specific form of labor, and not just human labor in general.

Marx then began to theorize the different distributions of surplus-value (industrial profit, merchant profit, money-dealing profit, rent, interest, capital gains etc.) while connecting them too to value-creating activities. However they differ from one another, all forms of abstract wealth, including the contemporary ones such as financial derivatives and higher-order securities, always share one common aspect: they can be priced and traded. This means they have an expression in monetary (and therefore abstract) terms that entitles them to place claims on produced values.

Even though only productive labor produces new value, the system in its totality creates new and co-existing forms of abstract wealth that gradually separate from and hence obscure the source of new value. Compared to the pricing of simple commodities, the pricing of complex financial derivatives represents many more layers of mediation in relation to labor exploitation.

The concept of autonomization, however, does not hypostatize labor exploitation per se without the actual mediations that give form to the material production of new value. The creation of value through the exploitation of productive labor already presupposes the complex forms of value that develop in capitalism because the creation of value is always mediated by all of the many value forms. As our interpretation of Marx's theory incorporates forms of value that are successively more separated from labor exploitation, it gradually gives a fuller account of the actuality of value creation in the capitalist mode of production.

The proposed concept of autonomization thus makes explicit the paradox of wealth accumulation in capitalism: from an aggregate perspective surplus-value expansion depends on

labor exploitation, yet individual capitalists maintain the ability to produce financial and non-financial revenues in ways that increasingly obscure both labor exploitation and the creation of surplus value.

3. The Marxist System: Logic vs. History

The logical analysis derives the forms of wealth in a progression from the commodity form to more and more abstract forms. The drive toward increasing autonomization has its origin in the double determination of wealth produced in capitalism as concrete and abstract wealth (or as use-value and value). Because capital progressively subjugates use-value to value, the system will gradually favor the abstract generality to the detriment of the concrete particularities. The contradiction that begins as the paradoxical relationship inherent to the commodity form between value and use-value then unfolds into more complex and developed forms such as rent-bearing capital, interest-bearing capital and fictitious capital – the term Marx employed to conceptualize the creation and pricing of financial assets. Capital therefore develops different contradictions at different levels of abstraction.

Marx's method consists of showing that capital can never solve its contradictions. Capital displaces its contradictions to higher and more generalized levels when attempting to solve them (Fausto, 1997, 1987a, 1987b; Paulani, 2011; Dussel, 2001; Harvey, 2010, 2006). Autonomization takes place as capital resolves its contradictions at one level of abstraction only by displacing the contradictions to a higher level, gradually adding new mediations and hence separating the forms of abstract wealth from the source of value. Autonomization is not a mere subjective movement that the thinking mind undertakes but rather the objective development of

the forms of value within capitalism. The more that capital develops concretely the more abstractions it creates.

History proceeded differently. Marx wrote *Capital* in a logical, not historical order. The components of the analysis exist simultaneously in fully developed capitalism, but history introduced those components in an order different from the order of Marx's exposition. Money, usury capital, and fictitious capital chronologically preceded the spreading of the commodity form; but they do not precede commodities in the logical presentation. Marx is clear about this point:

It would therefore be unfeasible and wrong to let the economic categories follow one another in the same sequence as that in which they were historically decisive. Their sequence is determined, rather, by their relation to one another in modern bourgeois society, which is precisely the opposite of that which seems to be their natural order or which corresponds to historical development. (Marx, 1973, p.107)

We can synthesize capital's conceptual formation as a chain of abstractions. Each value form is a further step in the progressive autonomization of abstract wealth from labor exploitation: money is autonomized value; capital is autonomized money; profit is autonomized surplus value; interest-bearing capital, rent-bearing capital, and fictitious capital are forms of autonomized capital. Money, capital, rent-bearing capital, interest-bearing capital and fictitious capital are all higher forms of autonomization:

[T]hese different parts of surplus-value acquire an independent form, because they accrue to different people, because the titles to them are based on different elements, and finally because of the *autonomy with which certain of these parts of*

surplus-value confront the production process as its conditions. From parts into which value can be divided, they become *independent elements* which constitute value. (Marx, 1971, p.927 – emphasis added)

The higher the stage of autonomization the greater are the layers of mediation that separate the form of value from its source. However many layers of mediation intervene, autonomization is never complete. No single form of value can acquire complete independence from the other forms in the system or from the exploitation of labor.

4. Stages of Autonomization: Re-Conceptualizing the System of Value Forms

In this section we develop our re-conceptualization of Marx's broader project. We explicitly demonstrate how a novel interpretation of his writings reveals capital as expanding value that gradually separates from and obscures the sources of value creation. We divide the stages of autonomization into three conceptual phases: (a) autonomization of value from use-value, or the constitution of money; (b) autonomization of money from commodity circulation, or the constitution of capital; (c) autonomization of capital from labor exploitation, or the constitution of unproductive activities.

4.1 Autonomization of Value from Use-Value: The Constitution of Money

Marx proceeds stepwise in his system of chained abstractions. The starting point of autonomization is the commodity form, as presented in the very first chapter of *Capital I*. The commodity form is the starting point as it is the conceptual, or logical stem cell of the contradictions of the other value forms in the system. We employ the term contradiction, as Marx did, to indicate a relation whose elements are concomitantly complementary and opposite.

The contradictions of capital find their initial logical source in the relationship between the two constituents of the commodity form: value and use-value. The origin of the relation between value and use-value lies in the differentiation between abstract and concrete labors, itself a differentiation created by the historical opposition between privatized relations of production (private ownership) and socialized forces of production (social reproduction). The double determination of the commodity as value and use-value is a key aspect of the formation of capital and of its initial autonomization.

Use-value is created by concrete labor. Whether commodities are tangible or not, goods or services, their use-values are the particular qualitative bases for values in capitalism. Without use-value, production and consumption could not expand; accumulation cannot proceed if what is being produced is not useful. Value, on the contrary, is created by abstract labor. It is the general quantitative dimension whose quantum is determined by the labor time socially necessary to reproduce the commodities. Determined by social conditions of production and consumption, value is inherently a relational property. In the commodity, value and use-value are at the same time both complementary and antagonistic dimensions to each other. They are complementary because concrete and abstract labors are not two kinds of labor but rather the two inseparable and co-existing determinations of the same commodity-producing labor; and antagonistic because while value refers to the social generality, use-value refers to the concrete particularity. In capitalism two contradictory measures are in play: the heterogeneous measure of concrete usefulness and the homogeneous measure of abstract labor time.

The commodity therefore experiences an inherent problem: it is a privately produced good or service that only acquires ex post validation socially when exchanged for other commodities or for money. The particular commodity needs to be socially accepted by the market: a

commodity's particular use-value cannot be a particular use-value unless it becomes a social value through trading. Vice-versa, the value embodied in the commodity cannot be realized in the market if the commodity is not a useful use-value for private individuals.

The market cannot solve the contradiction that constitutes the commodity form. When a commodity is exchanged, the other circulating commodities also face the same paradox: one's value finds its validity in another's use-value. The relation between value and use-value is the contradiction between the social form and its own material basis, and it is also the very first logical source of endogenous capitalist business cycles. Social validation occurs a posteriori, after commodities are produced. If market validation does not occur the individual capitalist faces a problem. If non-validation becomes systemic then capitalism faces a crisis with increasing piles of unsold inventories.

Marx gets to this point of the analysis without yet introducing money, so he is still conceptually referring to barter exchanges. But a barter-based market cannot overcome the contradiction that constitutes the commodity form. Money then finds its logical place. In a very illuminating passage on the conceptual emergence of money, the principle of autonomization starts to take shape:

Money necessarily crystallizes out of the process of exchange, in which different products of labor are in fact equated with each other, and thus converted into commodities. The historical broadening and deepening of the phenomenon of exchange develops the opposition between use-value and value which is latent in the nature of the commodity. The need to give an external expression to this opposition for the purposes of commercial intercourse produces the *drive towards an independent form of value*, which neither finds rest nor peace until an independent

form has been achieved by the differentiation of commodities into commodities and money. (Marx, 1990, p.181 – emphasis added)

The independent form of value that Marx refers to is money. Money is a relational property that becomes itself an external object, a thing – a social relationship that takes the particular independent form of grains, salt, gold, silver etc. The abstract character of wealth (value) becomes something objective that confronts the particularities (use-values) from which it emerged:

But in what way are gold and silver distinguished from other forms of wealth? Not by magnitude, for this is determined by the amount of labor embodied in them. But rather as *autonomous embodiments and expressions of the social character of wealth*. This social existence that it has thus appears as something beyond, as a *thing, object or commodity outside and alongside* the real elements of social wealth. ... *[T]he social form of wealth exists alongside wealth itself as a thing*. (Marx, 1994, pp.707-708 – emphasis added)

Marx is hence drawing a crucial distinction between value, exchange-value, and money. *Value* is the social character of labor in capitalism, whose magnitude is measured through the amount of labor time socially necessary to reproduce a commodity. *Exchange-value* is the relation between values of different commodities in exchange, or simply value-in-exchange, measured as the exchange ratio between the values of at least two commodities. In exchange-value, the absolute values of different commodities are expressed relatively through their exchange ratios. *Money* is the social character of labor (i.e. value) presented as a thing, even though not necessarily tangible or physical. Money is objectified value. In money, value itself

exists autonomously as an external object. Exchange-value is the ratio between values in exchange, but unlike money it is not yet an independent being, a thing. Exchange-value is a pure relation that still does not constitute a thing in itself. Money, on the other hand, is a social relationship that presents itself as an independent object. Money is value incarnated in an object. Money is autonomized value.¹

The money form emerges when value completes its autonomization by becoming a pure formal use-value: a commodity whose use-value is its social ability to be an independent form of value. In its conceptual origin, money is autonomized value that now stands astride the multifarious world of commodities as the general equivalent. The logical origin of the money form, not its historical origin, lies therefore in the increasing independence of value from particular use-values.² Money, this autonomous representative of value, owes its existence to the separation of abstract from concrete wealth:

The product becomes a commodity; the commodity becomes exchange value; the exchange value of the commodity is its immanent money-property; this, its money-property, separates itself from it in the form of money, and achieves a general social existence separated from all particular commodities and their natural mode of existence (Marx, 1973, pp.146-147).

It is the foundation of capitalist production that money confronts commodities as an *autonomous form of value*, or that exchange-value must obtain an *autonomous form* in money (Marx, 1994, pp.648-649 – emphasis added).

Money is objectified social labor – abstract wealth that has been autonomized from the concrete particularities of any single commodity. While commodities circulate because of their

individual and specific use-values, money circulates because it is “the abstract-autonomous form of exchange value or of general wealth” (Marx, 1973, p.345). Marx clearly relates the concept of money to the objectification of abstract wealth:

Money is the independent existence of exchange value. Viewed from the angle of its quality, it is the *material representative of abstract wealth*, the *material existence of abstract wealth*. To make money by means of money is the purpose of the capitalist production process — the increase of *wealth in its general form*, of the quantity of *objectified social labor* which is, as this labor, expressed in money. Whether the existing values figure merely as money of account in the ledger, or in whatever other form, as tokens of value, etc., is initially a matter of indifference. Money appears here only as the *form of independent value* (Marx 1988, p.99 – emphasis added).

The contradiction between value and use-value cannot be solved, for in capitalism the market validates production only ex post. Money allows production and consumption to be more flexible through time and space, helping traders cope with the difficulty of producing commodities requiring ex post market validation. But in doing so, money displaces the contradiction to a higher and more generalized level. Monetary crises can then occur independently of productive crises exactly because a relational property (value) exists as a thing (money) external to those same relations from which it is derived:

As long as the *social* character of labor appears as the *monetary existence* of the commodity and hence as a *thing* outside actual production, monetary crises,

independent of real crises or as an intensification of them, are unavoidable (Marx, 1994, p.649 – emphasis in the original).

The conceptual origin of money lies therefore in the autonomization of value from use-values. The next step is to understand how money, in turn, faces its own autonomization.

4.2 Autonomization of Money from Commodity Circulation: The Constitution of Capital

Marx developed a unique and powerful monetary theory, unfortunately widely misread even by Marxists. Our approach, influenced by the works of Fausto (1997, 1987a, 1987b), Paulani (2011), Dussel (2001) and Rosdolsky (1989), draws attention to the important conceptual distinction between “money as coin” (or “money as currency”) and “money as money”. This distinction is crucial to understanding the contradiction of money. Money has four determinations. First, it is a measure of the value of commodities and thus a standard for prices. Second, it is a means of exchange of commodities. Third, it is a means of hoarding (store of value). Fourth, it is a means of payment (commercial credit). The first two determinations (measure of value and means of circulation) constitute what Marx called “money as coin” or “money as currency” while the last two determinations (money as hoarding and means of payment) constitute what Marx called “money as money”.

Money as coin, or money as currency, is money that provides the common measure for commodity values, provides a standard for prices, and facilitates circulation. It does so as a simple intermediary: its circuit is C–M–C. Money (M) lies in the middle while the objective of the circuit is to trade different commodities (C). Even though autonomized value, money is here only a passive link connecting the desires of buyers and sellers of concrete use-values.

Money as coin already allows for the first autonomization of money, for it enables valueless symbols to displace commodity currencies as means of circulation. The more that capitalism develops, the more we observe how the money form increasingly attempts to get rid of any material vestige when it operates as means of circulation. The money form of value can increasingly detach (even though not absolutely) from the tangible matters – like gold, silver, grains, and salt – that might come to bear it. The exclusive use of commodity currencies like gold and silver constrains the circulation of means of exchange to be proportional to commodities’ values. But with the introduction of non-commodity currency the circulation of means of exchange becomes more independent from the values of the produced commodities. Non-commodity currencies do not circulate as embodied values, as is the case with gold and silver. The direct connection between the supply and value of the currency, on one side, and the values of the produced commodities, on the other, fades away through the de-materialization of the means of exchange. As non-commodity currency — paper currency, electronic currency, plastic debit cards, bitcoins, or simply dots on a computer screen — value is represented by mere valueless symbols of itself. Even when replaced by valueless symbols of itself, money is never valueless. By definition, money is objectified value:

The fact that money can, in certain functions, be replaced by mere symbols of itself, gave rise to that other mistaken notion, that it is itself a mere symbol (Marx, 1990, p.185).

It is an error therefore to speak either of “valueless money,” “commodity money,” or “non-commodity money.” As our framework demonstrates, money is never a commodity: money is money, a category distinct from the concept of commodity. A currency can be a commodity or

not — hence the correct language is to speak of “commodity currency” and “non-commodity currency” as we did in the above paragraphs.

Money as money, contrary to money as coin or currency, is no longer a mere intermediary that facilitates trade. It becomes instead the end of circulation. As hoarding (store of value) and as means of payment (commercial credit), money has a new circuit: M–C–M. It starts and closes the circuit. Commodities become instead intermediaries in the process of money circulation. Money as money therefore does the opposite of money as coin. Money as money and money as coin contradict each other; they are concomitantly complementary and opposite. Money is contradictory because it is at the same time the intermediary and the end of the circulation circuit. It is an object with two opposing circuits occurring juxtaposed:

Money in its third quality, as something which autonomously arises out of and stands against circulation, therefore still negates its character as coin. [...] Money is the negation of the medium of circulation as such, of the coin. But it also contains the latter at the same time as an aspect, negatively, since it can always be transformed into coin (Marx, 1973, pp.226-228).

The crucial point is that of money becoming an end in itself: “Instead of being merely a way of mediating the metabolic process, this change of form becomes an end in itself” (Marx, 1990, p.228). The passage from the C–M–C to the M–C–M circuit constitutes the second autonomization of money. More logical mediations now separate money circulation from commodity circulation; more logical mediations thus separate the circulation of values from the circulation of use-values. Partially independent of consumption and production conditions,

money starts to develop its own autonomized circuit. Not the use-values of commodities but money itself becomes the objective of value circulation:

[M]oney, the independent form of exchange-value, is the starting-point, and the increase of exchange-value the independent purpose. Commodity exchange itself, and the operations that mediate it — separated from production and performed by non-producers — becomes simply a means of increasing wealth, and not just wealth, but wealth in its general social form as exchange-value (Marx, 1994, p.443).

Autonomization proceeds even further with monetary forms. In the money as money circuit, $M-C-M$, the money trader is trading money for money without making a profit, a meaningless exchange in capitalism. The circuit of money then becomes $M-C-M'$, in which money dealers profit (M' minus M) from their activities. $M-C-M'$ is precisely what Marx calls the circuit of capital. The circuit of capital springs conceptually from the circuit of money as money. When money becomes the end of circulation it then paves the way for the origin of capital, of “autonomous exchange value (money) as a process” (Marx, 1973, p.305).

In the conceptual discourse, capital emerges out of the contradictions of money. Marx states clearly that the circuit of capital, or of ‘dynamic value’ is a higher stage of autonomization because this form of value is more detached from use-values. The positing of money as an end in itself allows abstract wealth to become the aim of circulation, and concrete wealth to take on a subordinate role. With the capital form, the circulation of use-values becomes merely a support of the system of value circulation:

[Capital] is not only an independent expression of value as in money, but dynamic value, value which maintains itself in a process in which use-values pass through the most varied forms. Thus *in capital the independent existence of value is raised to a higher power than in money* (Marx, 1989, p.318 – emphasis added).

We have here uncovered capital's logical origin in the autonomization of money.³ It is then necessary to theorize the contradictions that constitute the capital form and how capital faces its own specific autonomization.

4.3 Autonomization of Capital from Labor Exploitation: The Constitution of Un-productive Activities

The money-as-money circuit, M-C-M, is senseless if it cannot be converted into the circuit of capital, M-C-M' with M' greater than M. This can happen only if labor power is available in commodity form. Labor power is the sui generis commodity that has the use-value of creating more value for its buyer. The value that labor power then creates beyond its own is defined as surplus value.

When capital matches with the doubly-free labor force it develops its full monetary circuit: M–C...P...C'–M'. The ...P... phase represents production, extraction of surplus value, or simply labor exploitation. The production of new use-values (C') is subjugated to the objective of making more money (M') out of money (M). As any other use-value, labor power will also be subjugated to the expansion of value, hence M and M' represent respectively the beginning and the purpose of the circuit. Both production and labor exploitation appear as intermediaries in the general process of value expansion:

[I]t is the exchange-value, not the use-value, that is the decisive inherent purpose of the movement. It is precisely because the money form of value is its independent and palpable form of appearance that the circulation for M...M', which starts and finishes with actual money, expresses money-making, the driving motive of capitalist production, most palpably. The production process appears simply as an unavoidable middle term, a necessary evil for the purpose of money-making. (This explains why all nations characterized by the capitalist mode of production are periodically seized by fits of giddiness in which they try to accomplish the money-making without the mediation of the production process). (Marx, 1992, p.137)

The first autonomization of capital occurs with the transformation of surplus value into gross profit. The concept of surplus value still maintains visible its direct connection with the labor component of capital. But once surplus value is presented as gross profit and hence as the compensation for the total capital invested, including both of its labor (variable) and non-labor (constant) components, the origin of surplus is further obscured:

[T]he relation between surplus value and the variable part of capital is an organic one. In fact it expresses the secret of the formation and growth, of the existence of capital as capital. This organic relation is extinguished in the relation between profit and capital. Surplus value obtains *a form in which the secret of its origin is no longer hinted at with the slightest trace*. Since all parts of capital equally appear as the basis of the newly created value, the capital-relation becomes a complete mystification. (Marx, 1991, p. 70 – emphasis added)

“[S]urplus-value *denies its own origin* in this, its transformed form, which is profit; it loses its character and becomes unrecognizable. (Marx, 1994, p.267 – emphasis added)

The second autonomization of capital then occurs with the distributions of gross profit. Prior to the conceptual emergence of surplus value in the chain of abstractions, autonomization took place only in the sphere of circulation. After the proper logical constitution of productive capital and the effective existence of surplus value, Marx formally introduced the distinction between productive activities (that generate surplus value) and unproductive activities (that claim a share of the surplus value generated in productive activities). He was then able to theorize how capitals engaged in unproductive activities, such as commercial capital and money-dealing capital, develop their own circuits and thus autonomize themselves from productive activities:

In commercial and money-dealing capital, rather, the distinctions between industrial capital as productive capital and the same capital in the sphere of circulation attain *autonomy* in the following way: the specific forms and functions that capital temporarily assumes in the latter case come to appear as *independent forms* and functions of a part of the capital that has separated off and become completely confined to this sphere. (Marx, 1994, p.440 – emphasis added)

The activities (not actually ‘spheres’ as Marx put it) that claim a share of surplus value become gradually independent from the activities that generate surplus value, even though the creation of value is the pre-condition for its consumption. The autonomization process thus continues with the separation of unproductive activities from the source of new value in productive activities:

Despite the autonomy it has acquired, the movement of commercial capital is never anything more than the movement of industrial capital within the circulation sphere. But by virtue of this autonomy, *its movement is within certain limits independent of the reproduction process* and its barriers, and hence it also drives this process beyond its own barriers. This *inner dependence* in combination with *external autonomy* drives commercial capital to a point where the inner connection is forcibly re-established by way of a crisis. (Marx, 1994, p.419 – emphasis added)

The same reasoning of ‘inner dependence’ combined with ‘external autonomy’ applies to money-dealing capital, for it takes over part of the productive capital as its own specific and independent movement: a “definite part of the total capital now *separates off and becomes autonomous* in the form of money capital ... in the course of its reproduction process” (Marx, 1994, p.431 – emphasis added).

Among the vast array of unproductive activities that capitalists can engage in, Marx gives special attention to three of them. The first type of unproductive activity employs interest-bearing capital, comprising all those activities that claim a share of surplus value through interest payments. Interest payments occur whenever the owners of money or production inputs lend their resources to other parties. *Interest* is the payment for any borrowed sum of value, be it in money or commodity form. The second type of unproductive activity employs rent-bearing capital, comprising all those activities that claim a share of surplus value through rent payments. Rent payments occur whenever a party has to pay a sum of money to the owners of monopolized resources not reproducible by human labor – such as land, oil, licensed knowledge, and patented information. *Rent* is the payment for the use only, not for the transfer of ownership, of any

monopolized resource not reproducible by labor. The third and last type of unproductive activity employs fictitious capital, comprising those activities that claim a share of surplus value through the creation, pricing, and trading of financial assets. The formation of a fictitious capital occurs whenever a security or financial asset is created – such as stocks, debt bonds, insurances, and derivatives. We now turn to each of these three types of unproductive activities in more detail.

Interest-bearing capital emerges when any sum of value is lent, entitling the owner of the advanced sum of value to receive interest payments from the borrower. Marx distinguishes two cases. The first is when the sum of lent value is in monetary form, as in the advancement of credit. In this case, interest-bearing capital exists whenever money itself is bought and sold in credit markets. However, it is only the use-value of money that is transferred, not its ownership, and interest is the payment for this use-value of money. Interest-bearing capital is then money with the use-value of having a claim on more value. The second case happens when the lent sum of value takes the form of commodities, as when a capitalist borrows productive inputs such as machines or other forms of fixed capital from another capitalist. The borrower then pays back interest to the original owner of the inputs. Once again, what gets transferred is the right of use, not the right of ownership. Both lent money and lent inputs share in common the feature that they are lent sums of value:

[M]oney – taken here as the independent expression of a sum of value, whether this actually exists in money or in commodities – can be transformed into capital.
(Marx, 1994, p.459)

The full circuit of interest-bearing capital then becomes $M-M-C\dots P\dots C'-M'-M'$, but to the owner of money it is just $M-M'$. Autonomization has thus made an additional step as the

unproductive M–M' circuit represents an extra level of separation of capital from the productive or surplus value-producing circuit M–C...P...C'–M'. More layers of mediation now separate interest from the source of value, even though all interest payments are deductions from the total surplus value produced:

All that we are concerned with here is the *independent form of interest-bearing capital* and the way that *interest acquires autonomy vis-à-vis profit*. (Marx, 1994, p.480) The general question of how gross profit is differentiated into interest and profit of enterprise comes down simply to the question of how a part of the gross profit is invariably ossified and *autonomized as interest*. (p.499 – emphasis added)

The specific external autonomy of interest payments for individual capitalists in the M...M' circuit confronts the general internal dependence of all capitalists together in relation to the existing surplus value, since the “*autonomization* of the two parts of gross profit, as if they derived from two separate sources, must now be fixed for the entire capitalist class and the total capital” (Marx, 1994, p.498 – emphasis added). Even more, interest-bearing capital, to be considered as such, does not necessarily have to be directed toward productive activities. Even though interest payments are a deduction from the total surplus value generated in the economy, interest can be charged from any stream of income, be it from workers' wages, non-financial corporations' profits, or from the government budget.

The crucial aspect is that interest as a form of abstract wealth introduces a new layer of mediation in relation to the exploitation of productive labor:

The division of profit into profit of enterprise and interest (not to speak of the intervention of commercial profit and money-dealing profit, which are founded in the circulation sphere and seem to derive entirely from this, and not from the production process itself at all) completes the *autonomization of the form of surplus-value*, the ossification of its form as against its substance ... One portion of profit, in contrast to the other, *separates itself* completely from the capital relation as such and *presents itself as deriving not from the function of exploiting wage-labor* [...] [P]rofit still retains a memory of its origin which in interest is not simply obliterated but actually *placed in a form diametrically opposed to this origin*. (Marx, 1994, p.968 – emphasis added)

An analogous interpretation applies to the rent-bearing capital form (Marx, 1994, p.806-817). Rents accrue to the owners of resources not reproducible by labor, therefore valueless, such as urban and rural land, patented information, and licensed knowledge (Teixeira and Rotta, 2012). Unlike interest, rents appear when valueless resources are traded, leased, or licensed. But like interest, rents accruing to unproductive activities represent a deduction from the total surplus value generated in the economy. Rent then bears extra layers of mediation in relation to productive activities:

If ... capital comes up against an alien power that it can overcome only partly or not at all, a power which restricts its investment in particular spheres of production, allowing this only under conditions that completely or partially exclude that general equalization of surplus-value to give the average profit, it is clear that in these spheres of production a surplus profit will arise, ... this being

transformed into rent and as such becoming autonomous vis-à-vis profit. (Marx, 1994, p.896 – emphasis added)

Autonomization finally reaches its most advanced stage with the formation of fictitious capital. Marx introduced the concept of fictitious value at the end of *Capital III* to demonstrate how the creation, pricing, and trading of financial assets represent a new level of separation of abstract wealth that obscures even more the source of surplus value. The trading of securities, debt bonds, stocks, derivatives, and financial assets in general introduce more layers of mediation between the forms of value and the productive activities generating new value. When mainstream economists suspect that ‘asset prices do not reflect the fundamentals of the system’ (Shiller, 2005) they are noticing fictitious accumulation.

What characterizes fictitious values is the capitalization of future streams of income: “The formation of a fictitious capital is called capitalization” (Marx, 1994, p.597). The capitalization of value applies to any financial asset whose market price is influenced by expectations of and speculations on future profitability, which implies that even interest- and rent-bearing capitals can potentially become fictitious capital.

Marx understood that the price of assets was not determined in the same way as the price of commodities. Market prices for goods and services fluctuate around production prices, but no such gravitational mechanism exists for the prices of assets. The price of tradable securities and derivative contracts, for example, is determined in secondary markets quite independently of the productive activities from which they get their share of surplus value. Decades before Keynes and then Minsky wrote about the two-price system, Marx anticipated their contributions:

The independent movement of the value of these titles of ownership, not only of government bonds but also of stocks, adds weight to the illusion that they constitute real capital alongside of the capital or claim to which they may have title. For they become commodities, *whose price has its own characteristic movements and is established in its own way*. Their market-value is determined differently from their nominal value, without any change in the value (even though the expansion may change) of the actual capital. (Marx, 1994, p.598 – emphasis added)

The high degree of autonomization enables fictitious capital to avoid the limitations that interest- and rent-bearing capitals have. The extra layers of mediation that it introduces in relation to labor exploitation allow movements in asset prices to generate *fictitious profits* — incomes derived from capital gains and financial trading margins — merely based on market repricing effects and speculations about future conditions for surplus value creation. Even though Marx never used the term ‘fictitious profits’ in his writings, we employ it to refer to the profits derived from trading fictitious capital.

The fictitious form of capital thus closes the logical system that began with the commodity form. In the beginning of the chain of abstractions, value was closely tied to its source. But the development of the distinct forms of abstract wealth in capitalism increasingly contributed to autonomize them from the creation of new value. In interest-bearing capital, rent-bearing capital, and fictitious capital the independent existence of the forms of value is raised to an even higher power than in productive capital. With fictitious values, capital and its unproductive activities achieve the highest level of separation — even though not a complete one — from surplus value generation and labor exploitation in productive activities:

[T]he form of mutual alienation and ossification of the various portions of surplus-value is complete, the *inner connection* definitively torn asunder and *its source completely buried*, precisely through the assertion of their *autonomy vis-à-vis each other* by the various relations of production which are bound up with the different material elements of the production process. (Marx, 1994, p.968 – emphasis added)

During any period of time all incomes from any type of individual activity, productive or not, relate to an aggregate flow of surplus value. This is the inner connection among all forms of abstract wealth. But these same forms of abstract wealth progressively autonomize from the production of surplus value and also autonomize from the production and circulation of concrete wealth in commodities. Capital, now as the paradoxical totality of productive and unproductive activities, therefore depends on and also contradictorily tries to acquire independence from labor exploitation. With each new stage of value autonomization, new crisis potentials arise precisely because each autonomization still remains constrained by the actual production of new value. Periodic crises forcefully realign incomes in unproductive activities with the surplus value generated in productive activities and impose a limit on the autonomization of value forms.

5. Conclusion and Implications

The standard and long-standing ‘successive approximations’ interpretation of Marx’s labor value theory is inaccurate. It incorrectly understands the dialectical movement from more abstract toward more concrete analysis as if it were a simple progression from unrealistic toward more realistic assumptions. It additionally neglects the substantial effort that Marx made to theorize capitalism as an economic system that produces ever more autonomized forms of value. The

categories in *Capital* progress from a high level of abstraction toward a higher level of concreteness and complexity at the same time that the forms of value that those same categories represent perform the opposite progression. The most concrete and complex concepts are also the most abstract value forms, which increasingly separate from and obscure the source of value in labor exploitation.

Our approach locates the origin of autonomization in the double determination of wealth in the commodity form (as value and use-value) and in the progressive subjugation of use-values to the forms of value. Our approach thus offers a new way to incorporate financial and rentier forms of accumulation into the labor theory of value. This broadened labor value theory can then provide a unique account of the co-existence and interaction of different forms of wealth at different levels of abstraction. The autonomization perspective presents an alternate understanding of the co-evolution of these value forms while also offering a framework in which the dynamics of concrete and abstract wealth are explicitly incorporated.

Our re-reading of the Marxist value theory potentially opens up a new research agenda on contemporaneous forms of capital valorization, for the present stage of capitalism might have demonstrated that “individuals are now ruled by abstractions, whereas earlier they depended on one another” (Marx, 1973, p.164). It opens the possibility of investigating new interactions between concrete and abstract forms of wealth, possibly on the most recent innovations in financial instruments and business practices. Our approach also opens the possibility for investigating the existence of autonomization crises, a case in which an economic crisis derives from excessive levels of value autonomization. It is part of our future research agenda to find a quantifiable index of autonomization and to check how this autonomization index correlates with business cycles.

The exegetical approach here undertaken elucidates that Marx's original project was larger than what Marxists have hitherto understood. Our framework and proposed re-reading of his writings thus bring a novel perspective to the existing scholarship by demonstrating how autonomization is a crucial concept in the labor theory of value. The shift from the usual theory of successive approximations toward the theory of autonomization allows us to theorize new forms of wealth creation and distribution that cannot be understood through the standard approach.

Footnotes

1. In this regard we are in disagreement with Martha Campbell (2004), who posits that exchange-value and money are identical and therefore can be used as synonyms. For Campbell, Marx means money by exchange-value from the beginning of *Capital I*. However, Marx does not state that immediately – she claims – because he wants to develop the category of money dialectically. Contrary to Campbell, in *Capital I* Marx drew a clear distinction between value, exchange-value, and money. Note that in the *Grundrisse* Marx states that “the exchange value of the commodity is its immanent money-property; this, its money-property separates itself from it in the form of money” (Marx, 1973, pp.146-147). Marx says that exchange-value is the “money-property”, not money as such. In any case, we are in agreement with Campbell when she correctly claims that the transition from barter to money in *Capital I* is a conceptual, not a historical transition.

2. David Graeber's (2011) recent book-length contribution and also Keith Hart's (1986) article on the hybrid existence of money have challenged the idea that money has historically evolved

from barter to commodity currency and then credit relations. Still, they agree that money has always been a hybrid entity that takes on aspects of both object and social relation. This latter acknowledgement is what matters to us in this paper, namely that money is at the same time an external object and a social relation. Their historical findings indeed corroborate Marx's concept of money.

3. Our argument in favor of a dialectical transition from the money form to the capital form is not accepted by Alfredo Saad-Filho (2002, p.13-14). Saad-Filho argues that Marx does not derive the concept of capital from the concept of money, but instead only contrasts their different circuits. In what we see a productive negation between money and capital, Saad-Filho observes a mere relation of difference. The argument in favor of a dialectical transition (productive negation) from money to capital does not imply, as Saad-Filho suggests, that these categories are self-enacting subjects. On the contrary, it simply means that Marx's *Capital* was written in a logical, not historical discourse, with no implication that history should follow purely logical imperatives.

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