About the "Dual Character of Labour": a Reformulation of Marx's Commodity Theory

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In a letter to Engels (24 August 1867), Marx says that the best of his book (*Capital*) are (i) the « dual character of the labour embodied in commodities » and (ii) the surplus value theory. Marx's vindication of first point is the subject of the present article[1]. We contend that the « dual character of the labour embodied in commodities » is a fundamental and specific property of a commodity society. Marx is right when he calls our attention to it.

The "dual character of labour" is the logical consequence of Marx's definition of a commodity division of labour. It is a way of pointing to the most fundamental characteristic of commodity production, namely the dual evaluation – private and social – of commodity. Marx may be credited for the special emphasis on that specificity. His definition of commodity production makes it very specific, opposed as it is to other types of social division of labour, viz. that of the « primitive Indian community »:

> Only the products of mutually independent acts of labour, performed in isolation, can confront each other as commodities (*Capital*, p. 132).

Starting from that definition Marx derives many typical features of a commodity society. The following quotation seems to be a convenient summing up of Marx's commodity theory:

> There is an antithesis, immanent in the commodity, between use-value and value, between private labour which must simultaneously manifest itself as directly social labour, and a particular concrete kind of labour which simultaneously counts as merely abstract universal labour, between the conversion of things into persons and the conversion of persons into things; the antithetical phases of the metamorphosis of the commodity are the developed forms of motion of this immanent contradiction. These forms therefore imply the possibility of crises" (*Capital*, p. 209)

We intend to be true to that view even if the path we follow seems to differ from the one commonly attributed to Marx. What prevents one from adopting that common view is that it leaves unsolved a fundamental question: *what is the relation between the "dual character of labour" and the quantitative determination of labour-values?* To our knowledge, neither Marx nor any Marx's follower have elaborated a quantitative model of labour-values determination relying on that "dual character of labour".

Marx was very well aware of the nature of the contradiction which is to be solved as the following passage from his *Contribution to a critique of political economy* testimonies:

[1] It is my pleasure to thanks Edith Klimovsky who has carefully read a first version of this paper and made many useful critiques and suggestions. The usual disclaimer applies.

> The point of departure is not the labour of individuals considered as social labour, but on the contrary the particular kinds of labour of private individuals, i.e., labour which proves that it is universal social labour only by the supersession of its original character in the exchange process. Universal social labour is consequently not a ready-made prerequisite but an emerging result. Thus a new difficulty arises: on the one hand, commodities must enter the exchange process as materialized universal labour-time, on the other hand, the labour-time of individuals becomes materialized universal labour-time only as the result of the exchange process (Marx, *Contribution*, p. 11)

We should start from private heterogeneous quantities of labour and find out how they are transformed through the exchange process into quantities of social homogenous labour[2]. But, at the same time, we have to admit that commodities enter the exchange process as quantities of social labour as a consequence of locating the value process in production and not in circulation.

Should we conclude that Marx was philosophically right with his "dual character of labour" (unveiling the true nature of commodity production) but economically wrong (unable to derive quantitative labour-values from it)? Not at all! Leaving apart the philosophical aspect of the problem, we maintain that Marx is economically right. A quantitative model can be supplied once realized exchanges and value forms are introduced into the picture. A reformulation of Marx's commodity theory taking seriously the "dual character of commodities evaluation" (which is also the unity of production and circulation) is proposed thereafter. It relies entirely on that property.

Once admitted that a commodity society is characterized by "mutually independent" and "performed in isolation" activities, any theoretician – whether Marxist or not – has to face the dual aspect of the evaluation of these activities, a private one and a social one (confrontation of commodities in exchange). That duality or contradiction cannot be solved but through the quantitative univocal determination of values. Marx did not succeed[3]. Our hypothesis is that he failed because he did not proceed with commodity as he did later with capital. He stopped presentation of his commodity theory in section 1 without providing a complete schema of reproduction contrary to what he did for his theory of capital (later published in Book II). A schema of simple reproduction of a pure exchange economy (without wage-earners and capital) makes explicit how, starting from individual private efforts (or labour) interdependence between producers generates a social evaluation which contradicts the private ones which, however, makes it possible.

We attempt at reformulating and completing the story Marx tells us about the commodity production and circulation keeping in mind the "dual character of commodities evaluation". Money and payments instead of labour are the stuff that story is made of. Some effects and consequences of this reformulation are presented in a brief conclusion.

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[2] This explains also why the canonical model widely used in modern Marxist debates – $Av + l = v$ – cannot be accepted as a correct formulation of Marx's theory of value: it does not exhibit any "dual character of labour"! (see below).

[3] In *Capital*'s chapter 7 (The labour process and the valorisation process) of Book 1, Marx contents himself with adding quantities of labour without making explicit the way these quantities are obtained.

Our starting point is Marx's definition of a commodity division of labour. Independent producers know they belong to a society with a commodity division of labour. They are free to decide for themselves and they "perform their activity (labour) in isolation". These labours are concrete and private but *they are performed in view of the market*. To make the story precise, we have to indicate what these independent producers know and are able to observe.

For the sake of simplicity, let assume that (i) there is a one-to-one relation between producers and commodities (producer h produces commodity h) (ii) each producer knows the different inputs to be used for producing one unit of commodity (a_{hk} is the quantity of commodity h necessary to produce one unit of commodity k) (iii) producer h knows the effort e_h necessary to produce one unit of commodity h but ignores the efforts (labours) of other producers. Private efforts (concrete labours) are not common knowledge; they are not commensurable (no more no less than the different use-values they produce).

Let consider a commodity economy with three independent producers (to keep the story simple). The technique of the economy is:

$$A, E \rightarrow I \leftrightarrow \begin{pmatrix} 0 & a_{12} & a_{13} \\ a_{21} & 0 & a_{23} \\ a_{31} & a_{32} & 0 \end{pmatrix}, \begin{pmatrix} e_1 & 0 & 0 \\ 0 & e_2 & 0 \\ 0 & 0 & e_3 \end{pmatrix} \rightarrow \begin{pmatrix} 1 & 0 & 0 \\ 0 & 1 & 0 \\ 0 & 0 & 1 \end{pmatrix} \qquad (1)$$

As a consequence of the heterogeneity of the concrete (private) labours, it is not possible to derive from (1) any numerical solution. A model based on (1) would have a solution consisting of a matrix V of vectors of quantities of heterogeneous labours e_h's and not of a vector of scalar labour-values.

In order to get such a vector, we must assume that the e_h's are commensurable, either as quantities of energy (Marx's suggestion in some places) or any physical element observable *prior to any confrontation in the market*. An assumption of this kind is implicit in the canonical model.

Following that heroic assumption, nonsensical in the context of "dual character of labour", let define $l_h = \frac{e_h}{\sum_h e_h}$ so that $\sum_h l_h = 1$.

As a consequence of that negation of the dual character of labour, we get the canonical system:

$$\begin{pmatrix} 0 & a_{21} & a_{31} \\ a_{12} & 0 & a_{32} \\ a_{13} & a_{23} & 0 \end{pmatrix} \begin{pmatrix} v_1 \\ v_2 \\ v_3 \end{pmatrix} + \begin{pmatrix} l_1 \\ l_2 \\ l_3 \end{pmatrix} = \begin{pmatrix} v_1 \\ v_2 \\ v_3 \end{pmatrix} \rightarrow A'v + l = v \qquad (2)$$

with A' being the transpose of A.

System (2) is the one commonly used in modern Marxist literature. Its solution is $v = (I - A')^{-1} l$ if $(I - A')^{-1}$ exists,

Obviously, system (2) is fundamentally untrue to Marx. In system (2) only concrete (private) labours are to be found; they have been transformed into homogenous quantities by virtue of an arbitrary assumption which stands absolutely contradictory to Marx's "dual character of labour embodied in commodities". Here, values have only a technological nature (quantities of energy or time). They do not result from any social determination as "products of mutually independent acts of labour, performed in isolation, confronting each other as commodities".

In order to introduce social (abstract) labour in relation with private (concrete) labours another path has to be explored. It is worth recalling that *private producers perform efforts in view of the market.* They perform a private effort (concrete labour) e_h only because they expect to get a determinate value (social labour) allowing them to get their desired use-values. Although efforts and incentives to perform efforts are private, expectations about market evaluations are expressed in a common language. Marx calls it "price" or "ideal price":

> Price is the money-name of the labour objectified in a commodity. Hence the expression of the equivalence of a commodity with the quantity of money whose name is that commodity's price is a tautology (*Capital*, pp. 195-196)

Money, not abstract labour, is the language producers use to think about their actions and communicate with other people.

Producers have expectations about the values (prices) of their inputs. Each producer have private expectations about the value of his/her required inputs (in general, $\hat{v}_h^h \neq \hat{v}_h^{k\neq h}$). Let note l_h^a the expected net value or income which prompts producer h to perform effort e_h.Private expectations have to be coherent in the sense that

$$l_h^a = \hat{v}_h^h - \sum_k a_{kh}\,\hat{v}_k^h \quad \forall\, h \qquad (3)$$

According to condition (3) h's expected net value produced l_h^a must be equal to the expected value of a unit of commodity h brought to the market by producer h, $\hat{v}_h^h$, *minus* h's expected value of inputs $\sum_k a_{kh}\,\hat{v}_k^h$.

Juxtaposing the expectations of our producers forms system (4):

$$\begin{aligned} \hat{v}_1^1 - a_{21}\hat{v}_2^1 - a_{31}\hat{v}_3^1 &= l_1^a \\ -a_{12}\hat{v}_1^2 + \hat{v}_2^2 - a_{32}\hat{v}_3^2 &= l_2^a \\ -a_{13}\hat{v}_1^3 - a_{23}\hat{v}_2^3 + \hat{v}_3^3 &= l_3^a \end{aligned} \qquad (4)$$

Except for the technique, which is common knowledge, system (4) contains only private items. No interdependence between producers is to be observed yet. However, by contrast with the e_h's unduly transformed into the l's of system (2), the $\hat{v}_h^h \neq \hat{v}_h^{k\neq h}$ and the l_h^a's are commensurable. They are all expressed as (ideal) prices supposed (by Marx) to have a common expression in general equivalent or in money. What prevents system (4) from providing for a quantitative determination of values (social labour) is no longer a problem of commensurability as it was the case with system (2); it is a lack of *interdependence* between producers. *They have not yet confronted their products in the market.*

Suppose now that contrary to system (4) producers have common expectations, viz. $\hat{v}_h^h = \hat{v}_h^{k\neq h} = \hat{v}_h$. That assumption creates *de facto* a link between producers. System (4) is thus transformed into the system below:

$$\begin{aligned} \hat{v}_1 - a_{21}\hat{v}_2 - a_{31}\hat{v}_3 &= l_1^a \\ -a_{12}\hat{v}_1 + \hat{v}_1 - a_{32}\hat{v}_3 &= l_2^a \\ -a_{13}\hat{v}_1 - a_{23}\hat{v}_2 + \hat{v}_3 &= l_3^a \end{aligned} \qquad (5)$$

We are able now to determine a vector of values $\hat{v} = (I - A')^{-1}l^a$, if $(I - A')^{-1}$ exists.

Is system (5) a good candidate for becoming the new canonical model of a labour theory of value founded on the "dual character of labour"? The answer is negative. Assumption $\hat{v}_h^h = \hat{v}_h^{k \neq h} = \hat{v}_h$ combined with condition (3) is sufficient to determine the unique value vector $\hat{v}$ such that the economy reproduces itself unchanged period after period. In that sense, $\hat{v}$ may be said to be the *equilibrium solution* (social values or quantities of abstract labour). It does not exhibit any "dual evaluation" of the activities of individual producers; it performs no better no worse than any standard equilibrium model.

If the "dual character of labour embodied in commodities" is to be taken seriously, system (5) could not be considered as being the last word about values determination. This would amount to playing Hamlet without the Prince:

- Assuming $\hat{v}_h^h = \hat{v}_h^{k \neq h} = \hat{v}_h$ is tantamount to admitting that private expectations are coordinated somewhere *prior to market*, which does not make sense in a commodity division of labour; moreover net expected value l_h^a are private and nothing guarantees the market will confirm them
- Net expected value l_h^a's are planned for buying desired use-values, which will put an end to the current round of commodity production; the expectations about the orientation of net values expenses do not show up in system (4) which appears as being both inappropriate and incomplete; it is worth recalling here Marx's formula for the process of exchange: $C - M - C$ (Commodity – Money – Commodity); this process concerns all produced commodities, those acquired by net values included.

We are not yet out of the woods and we shall proceed further. We have still to check whether private expectations are or not realized and how expenses decisions are carried out. As Marx's developments on value-forms make it clear, money circulation and payments are the tools through which producers acquire inputs and other desired use-values and sell their output.

In order to make these processes going smoothly, let assume that there is an efficient monetary organisation which provides enough means of payment. Given the aim of our presentation it is convenient not to charge us with pure monetary problems (due for example to a scarcity of money or to a bad management of the system). In the same spirit, we assume also that producers always find available inputs independently of their current supply in the market thanks to existing stocks. In brief, *we assume there are no problems for carrying out private decisions other than the "dual character of the labour embodied in commodities*" viz. the unavoidable problem of the dual evaluation inherent in commodity production. The actions of the commodity producers are both "performed in isolation" and in view of the market. They consist in *payments*.

Besides the private efforts (concrete labours) spent privately and non-socially observable, payments (monetary transfers) are objective and are written down into accounts. Marx dresses such accounts (in value or in money) in Book II with the schemes of capital reproduction. It is quite natural to transpose these schemes to a simple commodity economy. This requires only that net value expenses out of the l_h^a's, absent from system (5), be also made explicit (in Book II these are surplus-value expenditures). Instead of sections 1 and 2, we have producers 1, 2 and 3;

expenses of expected net values instead of surplus-value; of course no labour force as a commodity is to be found.

An important point is however in order. Marx presents the schemes of simple reproduction in equilibrium. There are no reason to follow such a presentation. Keeping in mind the two remarks made above, we consider now that expectations about commodities values differ from a producer to another; we have now: $\hat{v}_h^h \neq \hat{v}_h^{k \neq h}$; we take also into account the possible hiatus for any producer (presumably for all of them) between his/her total expected and realized receipts (total expected receipts being equal to total expenses).

We get Table 1 below where elements of system (4) are also reported in order to show the closed relation existing between the presentation above and the payment matrix below: the first line in each cell denotes a payment while the second line informs about the private incentives e_h of each producer which explain the payment (m_{hk} denotes a payment made by producer h to producer k).

Table 1 displays *voluntary* actions from our independent producers, viz. payments which result from free decisions about individual efforts e_h in view of a social outcome l_h^a given expectations$\hat{v}_k^h$. Expenses m_h are the social manifestation of what Marx named concrete or private labours. Here enters the confrontation of commodity producers who "perform in isolation". Expenses (rows) of producer h contribute to receipts (columns) of producers $k \neq h$. Total (voluntary) expenses of producer h are m_h while total receipts of producer h – coming from the voluntary expenses of the other producers – are m^h.

Total expenses of producer h are composed of purchases of inputs ($\sum_k a_{kh} \hat{v}_k^h$) and of expenses out of net expected income ($\sum_k c_{hk}\, y_h = y_h = m_h$).

	1	2	3	Total
1	m_{11} $c_{11}y_1$	m_{12} $c_{12}y_1 + a_{21}\hat{v}_2^1$	m_{13} $c_{11}y_1 + a_{31}\hat{v}_3^1$	m_1 $\hat{v}_1^1$
2	m_{21} $c_{21}y_2 + a_{12}\hat{v}_1^2$	m_{22} $c_{22}y_2$	m_{23} $c_{23}y_2 + a_{32}\hat{v}_3^2$	m_2 $\hat{v}_2^2$
3	m_{31} $c_{31}y_3 + a_{13}\hat{v}_1^3$	m_{32} $c_{32}y_3 + a_{23}\hat{v}_2^3$	m_{33} $c_{33}y_3$	m_3 $\hat{v}_3^3$
Total	m^1	m^2	m^3	μ

Table 1 Carrying out private (voluntary) decisions: payment matrix for a commodity economy

Total sum of all columns is identical to total sum of all rows: $\sum_h m^h \equiv \sum_h m_h \equiv \mu$. That identity does not apply for individual producers. *For each of them, we generally have $m_h \neq m^h$ which is the outer manifestation of the "dual evaluation" inherent in a commodity division of labour (a consequence of decentralisation in the terms of a standard theory)*. Each independent producer observing his/her account experiences the hiatus between his/her own evaluation and the one the market yields. That hiatus must disappear in order to get a unique and non-equivocal social evaluation of all producers. This outer manifestation of the *salto mortale* has to be resolved; accounts must be squared which means that producers' balances, either positive or negative, have to be settled. These balances are the observable effects of the contradiction between private and market evaluations (in Marx's terms between private and social labour).

As Marx put it:

> The leap taken by value from the body of the commodity into the body of the gold is the commodity's *salto mortale*, as I have called it elsewhere [in *A Contribution to the Critique of Political Economy*]. If the leap falls short, it is not the commodity which is defrauded but rather its owner (*Capital*, pp. 200-201)

Commodity exchange is not for Marx the mere fact of giving a commodity against an equivalent counterpart; it takes him the entire chapter 1 – especially the presentation of the successive value forms – to show how commodity exchange is the consequence of his initial definition of the commodity division of labour.

> In other words, the labour of the private individual manifests itself as an element of the total labour of society only through relations which the act of exchange establishes between the products, and, through their mediation, between the producers. To the producers, therefore, the social relations between their private labours appear as what they are, i.e. they do not appear as direct social relations between persons in their work, but rather as material relations between persons and social relations between things (*Capital*, pp. 165-166)

As Marx's developments on value forms convincingly show, the mediation between producers is performed by payments. According to the plan of chapter 1, a commodity division of labour manifests itself by the flows of payment between "mutually independent producers performing private labours in isolation". The *salto mortale* of commodities is as a matter of fact the *salto mortale* of their producers.

What prevents Marx's theory of labour-values from giving a quantitative determination of value magnitudes based of the "dual character of labour embodied in commodities" is *a lack of achievement not a lack of relevance*. The "dual character of labour" appears to be a poor expression for the "dual character of commodities evaluation". The non-commensurability of the two kinds of labour prevents one from univocally determining values. Co-existence of concrete labours and abstract labour in a quantitative model is not the method leading to the solution. In contrast, *once the social manifestation of the "dual character of labour" through a money mediation is clearly recognized, it is quite easy to confront private and social evaluations*; their particular quantitative expressions are perfectly commensurable. It is what Table 1 is about.

But, as noted above, this is not the last word of the story. The *salto mortale* of commodities (and producers) has to be made non-lethal. If not, it would be impossible to evaluate the individual producers: all producers would go bankrupt. Remark that such an issue could not be discarded. *A general crisis without resolution always remains a potential outcome of a commodity division of activities*. The "dual character of the labour" is the poison inherent in Marx's commodity theory and makes the spectre of the crisis haunting commodity societies. It is that poison and that spectre value theoreticians have made so many efforts to conjure making equilibrium situations the only ones conceivable. The exclusivity of equilibrium situations is the most evident symptom of the irrelevance of academic value theories applied to market economies (and of system (5) above).

So far, we are left with the balances to settle. What we know for sure is that the algebraic sum of these balances is zero. This means that a general compensation between individual producers is always possible *in principle* depending only upon some conditions. Interestingly enough, Marx's commodity theory, in our formulation, leaves open *two diametrically opposed issues: either a general crisis – no compensation taking place – or a social evaluation being imposed individual producers very different from the one they had expected – a general compensation allowing them to settle their balances*.

Let consider the latter issue. What means "to settle a balance"? For excess producers it means to find something to purchase for getting rid of the means of payment they get above their voluntary expenses. Symmetrically, for deficit producers, it means to find something to sell in order to get the quantity of means of payment they need in order to remain solvent.

The items concerned by these operations may be the same or may be quite different from those traded through voluntary payments. Beyond the possible complexity of these operations, what matters here is that they are all *constrained* in the precise sense that they are *alternative to bankruptcy*. While the flows of payment in Table 1 are all *voluntary*, since they manifest the decisions individual producers have taken in isolation but in view of the market, the flows of means of payment we are speaking about now are all *constrained* by the necessity of being solvent.

If it may be difficult to empirically distinguish voluntary and constrained payments since accounts are not to be publicly shown but when squared, it is absolutely clear that voluntary and constrained payments radically differ from a theoretical point of view. *Voluntary and constrained payments are nothing but the outer manifestation of the "dual character of the labour embodied in commodities"*.

At the level of abstraction adopted here, it would not make sense to deal with the many forms of partial or total resolution of the hiatus between private and market evaluation (with or without a "lender of last resort" for instance). We need only to complete our story by introducing into Table 1 the constrained operations just alluded to. Table 2 displays these operations. They are noted $\tilde{m}_{hk}$ indicating the flow of means of payment producer h (experiencing excess) addresses to producer k (experiencing deficit).

	1	2	3	Total
1	m_{11}	$m_{12} \mp \tilde{m}_{12}$	$m_{13} \mp \tilde{m}_{13}$	$\overline{m}_1$
2	$m_{21} \mp \tilde{m}_{21}$	m_{22}	$m_{23} \mp \tilde{m}_{23}$	$\overline{m}_2$
3	$m_{31} \mp \tilde{m}_{31}$	$m_{32} \mp \tilde{m}_{32}$	m_{33}	$\overline{m}_3$
Total	$\overline{m}_1$	$\overline{m}_2$	$\overline{m}_3$	μ

Table 2 General balances settlement by compensation through constrained payments

Once balances are settled and accounts squared, we get the social evaluation of producers $\overline{m}_h$. It makes sense to *interpret* the $\overline{m}_h$'s as money expression of labour-values. We speak of *interpretation* since, as developments above show, we can directly get the values through the money flows without taking into consideration quantities of efforts or labour. This does not mean that Marx's theory is useless. Quite the contrary! What matters is not labour – a most controversial category which has brought more heat than light – but the "dual character of producers evaluation" which is the consequence of a commodity-division of activities which may defined, paraphrasing Marx

> only the products of mutually independent *activities*, performed in isolation, can confront each other as commodities

To sum up, the process of commodity production at each period takes place through simultaneous flows of payment reflecting the dual character of wealth evaluation typical of a commodity society:

- Producers privately decide in isolation the efforts (e_h) they consider worth performing in view of what they expect to get the market (l_h^a) given their expectations about values ($\hat{v}_h$); the outer manifestation of these decisions are the *voluntary payments* they address to other producers
- As a consequence of the commodity division of activities, decentralized voluntary payments generally leave individual with unsquared accounts; unless a general compensation takes place, a commodity society may experience a general crisis; a general compensation may avoid such an issue; it consists in a settlement of balances by *constrained payments* entailing *a social evaluation imposed to individual producers which is generally different from the one they had expected*

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It may be worth exploring some effects and consequences of a reformulation of Marx's theory of a commodity society. For obvious reasons we will limit ourselves to some of them, all relative to the role of labour and commodity as categories in a theory of a capitalist mode of production.

First of all, it is the relevance of labour in a theory of a commodity society which raises problem.

If we accept to comply with the principle of parsimony (Occam's razor criterion), we have to admit that labour, as a category, does not belong to an economic theory of a commodity society. Labour is neither necessary nor sufficient to evaluate producers in a commodity economy as defined by Marx and following Marx's fundamental idea of a "dual character of commodity producers evaluation".

In *Capital*'s section 1, commodity and labour, considered as concepts, are closely related but are not on the same level. *Commodity* production denotes a kind of organization of productive activities which Marx contrasts with "the patriarchal rural industry of a peasant family which produces corn, cattle, yarn, linen and clothing for their own use" (p. 171) or with "an association of free men working with the means of production held in common" (id.) while *labour* is only one of the solutions to the value problem raised by that type of organization.

A commodity division of labour, defined as "mutually independent acts of labour, performed in isolation", generates an opposition private/social; Marx chooses to present that opposition as one between concrete and abstract labour; hence the idea of the "dual character of labour embodied in commodities". In other terms, *commodity is the problem and labour the solution* Marx gives to that problem. Marx's followers formalized that solution with the "canonical" value system $Av + l = v$. Halas, that solution is not true to Marx's "dual character of labour". Labour, as a category of economic theory of commodity, is no longer relevant. As seen above, another solution, true to "dual character of commodity evaluation" does the job in terms of payment matrices.

This does means that labour as a category should not play a role in economic theory. Once labour as a general anthropological category is recognized to belong to a philosophy of human history, but not to an economic theory of a commodity economy, it becomes possible to reconsider labour as an *economic* category. *Labour may be defined as any activity performed by individuals for the account and under the responsibility of other people*. Amongst the multiple examples of such activities, *waged labour* plays a central role since it characterizes a capitalist mode of production.

Obviously, maintaining that waged labour characterizes a capitalist mode de production holds only if it can be shown that a waged relationship cannot be conceived of as a commodity relationship. Otherwise why bother with capitalism? Commodity would be the first and the last word to account for a simple and for a capitalist market economy. Our reformulation of Marx's commodity theory obliges to proceed further along an internal critique of Marx's economic theory. It is not the proper place to develop the point[4]. We content ourselves with indicating that two fields are concerned: surplus value theory and exploitation.

Recall that the "dual character of labour" and the "surplus-value theory" are the two major inventions Marx credits himself of having offered to his readers. It comes as no surprise that reformulating the former leads to reconsidering the latter. This may be done along the same line by means of payment matrices. It can be shown that different and specific payment matrices correspond to respectively a commodity and a capitalist economy. Waged labour is associated with a specific schema of circulation which deeply differs from the commodity one. Consequently, exploitation needs to be redefined. Exploitation is no longer thought as "non-paid labour" since a waged relationship is not subject to a commodity norm.

Exploitation has to be reexamined on this new basis. The wage relationship differs from exchange due to the difference of condition between entrepreneurs and wage-earners. They have not an identical access to money, direct for the former, indirct for the latter ("Moneybag" as Marx calls the would-be entrepreneur). Elaborating a little further, the effects of this difference leads to a pertinent notion of exploitation. An entrepreneur freely decides what, how and how much to produce. The counterpart of that freedom is that an entrepreneur complies with decisions of other actors in the market. Freedom and responsibility are the two sides of the same coin. Very different is the situation of wage-earners. They neither decide what, how nor how much to produce. They are not economically responsible. A clear consequence is that wage-earners do not master their reward nor their efforts. Wage-earners have only an *indirect* relation with the market through entrepreneurs while the latter have a *direct* one. In the double difference of positions (vis-à-vis the market and the access to money) lies exploitation.

[4] We ask permission to refer the reader to Cartelier (2018).

A last but not least point is worth discussing: how is the relation of commodity theory (*Capital*'s section 1) to capitalism theory (the rest of *Capital*) to be interpreted? Does a reformulation of the former modify the terms of the debate? We tend to answer: yes!

Conceiving the category "commodity" as *logically prior* to that of "capitalism" creates a distance allowing a critical view about what our societies give us to observe. More precisely that distance makes appear a contradiction between "commodity" and "capital". That "the wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities" is misleading. What seems to be "commodities" are in fact "forms of capital" at some stages of its circulation. "Capital" has superseded "commodity". Understanding that form of production, which fundamentally differs from commodity production, requires a critique of these "false appearances" and of the political economy which tends to justifies it. An outstanding example of how political economy may mislead people is given by value theoreticians (Marx and mainstream economists) who deal with a wage relationship as if it were an exchange of commodities (Marx have contributed to that with his labour-power commodity theory in view of subverting Ricardo; but that "good intention" – one of those which pave the hell – does not change anything to that point).

Once showed that the two pillars of capitalism – wage relationship and money issuance by a credit system – are not ruled by the logic of exchange, the appearance of capitalism as a generalized exchange economy loses most of its strength. Waged labour is associated with a specific form of money circulation characterized by the exclusion of wage-earners from an access to means of payment issuance, which entails their (monetary) subordination to entrepreneurs which hire them inside their enterprises. Labour, as a category, may be precisely defined as an *activity performed inside firms according to a monetary subordination*. Relations amongst entrepreneurs are, at that level of abstraction, of the same nature as the ones amongst independent producers of a market economy *i.e.* amongst people having freely chosen their activities of which they endorse responsibility vis-à-vis the market. But the fact that they are embedded in a waged relationship entails a qualitative change: capitalism properties substantially differ from those of a generalized exchange economy.

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