Capital & Class
http://cnc.sagepub.com/

Value and Consumption: Prolegomena to the Theory of Crisis

John Rosenthal

Capital & Class 1993 17: 53
DOI: 10.1177/030981689305100103

The online version of this article can be found at:
http://cnc.sagepub.com/content/17/3/53

Published by:
SAGE
http://www.sagepublications.com

On behalf of:
Conference of Socialist Economics

Additional services and information for *Capital & Class* can be found at:

Email Alerts: http://cnc.sagepub.com/cgi/alerts

Subscriptions: http://cnc.sagepub.com/subscriptions

Reprints: http://www.sagepub.com/journalsReprints.nav

Permissions: http://www.sagepub.com/journalsPermissions.nav

Citations: http://cnc.sagepub.com/content/17/3/53.refs.html

>> Version of Record - Jan 1, 1993

What is This?

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

John Rosenthal

Value and Consumption: Prolegomena to the Theory of Crisis

What constitutes the barriers to demand against which the accumulation of capital collides in periods of crisis or stagnation? The prevailing Marxist common sense suggests that such barriers derive from the limited purchasing power of the wage. The author takes issue with this common sense in order to prepare the way for a more adequate answer to the question posed. As analysis of the practical logic of exchange reveals, under capitalist conditions the ultimate source of all effective demand in the economy is the capitalist class itself.

● Marxian economics has lacked a theory of consumption. By this I do not mean a 'theory of consumer behaviour'. It is, after all, precisely a distinguishing characteristic of Marxian economic theory that it does not have to rely upon unsubstantiable behavioural postulates. Rather, by a theory of consumption I mean a systematic exposition of the significance of consumption for the process of capitalist reproduction viewed as a whole. It could be thought that consumption, or, at any rate, 'consumption proper', i.e. non-productive consumption, by rights falls outside the domain of economic analysis: that what we call 'the economy' comprises the activities through which the social product is produced and the mechanisms whereby it gets distributed, but, insofar as this entire complex of production and distribution serves the ultimate end of personal consumption, *not* this end itself of which production and distribution are the means. The economy serves the end of consumption, and consumption of the goods produced and distributed by way of 'the economy' pertains precisely to the *non*-economic activities of individuals and the *non*-economic aspects of the life of societies. If we are

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

considering the economy abstractly, i.e. the economic functions of social reproduction as such rather than the specific ways in which these functions get discharged in particular sorts of social formation, this last proposal is not false. If the economy under consideration is a specifically *capitalist* one, however, it is also not unproblemmatically true. For specifically capitalist conditions are characterised by a kind of inversion. Although the economic system continues (among other things) to serve the end of consumption (this is so, quite simply, since the economic aspects of social reproduction, even under capitalist conditions, could not be defined apart from this relation to consumption), consumption in turn now becomes itself instrumental for the functioning and continued reproduction of the economic system. In this sense, though individual acts of personal consumption may remain in and for themselves 'non-economic', they come to acquire an *economic significance*. This is to say something other than the trite observation that economic agents in order to be able to perform their specifically economic functions must, after all, see to it that they reproduce themselves as biological individuals. The economic instrumentalisation of consumption implies rather that the very functioning of the economic system requires a constant adaptation of consumption as regards its *form* and *extent*. Under *all* conditions, consumption is a *precondition* of the economic system: either in the conceptual sense that it assigns the economy its aim or in the material sense that it supplies its agents. But only under *capitalist* conditions does consumption become an *immanent* condition or aspect of the functioning of 'the economy'. Only under capitalist conditions does the 'end' get subordinated to the 'means' which serve it.

Now, this functional dependence of specifically capitalist economies upon the form and extent of personal consumption becomes manifest on a social scale in periods of economic crisis. Whereas in pre-capitalist social formations crises of material reproduction are catalysed by a *contraction* of production, whether brought about by natural causes (eg. drought) or political ones (eg. war), in capitalist social formations exactly the *opposite* is the case. As will be our focus in the second part of this paper, generalised crises of a capitalist economic system are, in the last analysis, always catalysed by an actual *expansion* of production: viz. an expansion of production which exceeds precisely society's effective powers to consume. This is what

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

lends to specifically capitalist crises their peculiar irony: significant segments of the population are denied even their basic means of subsistence, not because the productive base of society is incapable of providing them, but rather because the population as a whole is incapable of consuming a sufficient portion of the total product (far surpassing the requirements of mere 'subsistence') which the base does provide. (Thereafter, of course, a contraction of the real extent of production does ensue, but only as a *result* of the prior increase in the *potential* extent of production, or, in other words, of productive capacity, beyond the limits of society's capacity to absorb additional product through consumption.) There ought not to be anything particularly controversial in this. The problem, however, is to be able to explain what *constitutes* the barriers to consumption against which the growth of a capitalist economic system periodically collides. Even when they have not simply sought to avoid the problem of consumption altogether (namely, by attempting in an illusory manner to derive the crisis-tendencies of the system directly from faltering conditions of profitability), Marxian crisis theories have been severely defective in this regard. For the most part they have simply assumed an answer which, as I hope to show, is fallacious—without having even bothered to pose explicitly the question to which it responds.

Before turning to the theory of crisis, however, we need first to undertake an investigation of a more abstract conceptual sort into the relation between value and consumption. For the lack which I have remarked upon with respect to Marxian economics in fact reflects a more fundamental lack affecting the Marxian theory of value. These two modes of inquiry, though they pertain to the same real object, are not to be confused with one another: whereas economic analysis examines the functioning and developmental tendencies of a capitalist economy, value theory elucidates the constitution and logic of its essential forms, viz. the forms of value. *All* economic analysis, whether Marxian or not, presupposes some sort of knowledge of, or, at any rate, familiarity with, economic forms. However, what distinguishes Marxian analysis from *both* neo-classical economics *and* classical political economy in this regard—it is an egregious error, exhibiting an antipathy for conceptual thinking, to construe Marx as the loyal member of some supposed 'classical school' opposable *en bloc*

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

to modern economic theory—is that it does not rest content with the *pre*theoretical knowledge that economic agents themselves must have of these forms in order to pursue their economic activity. Marxian analysis attempts rather to convert this practical '*fore*knowledge' of the forms of value into a theoretical knowledge proper, viz. by clarifying their *meaning*.[1] There is, then, no Marxian economic theory without value theory, and any (which is to say, *most*) 'Marxian' economics which disregards the results of value theory simply does not deserve the name.

Now, when I write of a 'lack' in the theory of value, I do not have in mind a conceptual lacuna immanent to the logic of the theory, nor a demonstrable deficiency in its capacity to grasp the domain of phenomena it takes as its object. I have in mind rather that a *necessary component* of the theory has, in the actual practice of value theoretical inquiry, remained for the most part implicit and undeveloped up till now. This missing constituent is the investigation and specification of the conditions for the *destruction* of value. Since the process of the destruction of value is in its material aspect (and under 'normal' circumstances, i.e. assuming the 'coincidence' of supply and demand)[2] in fact identical with the consumption process—or, more exactly, the process of what I will call 'final consumption'—it is not difficult to imagine how the inadequacy of its theorisation could in turn predispose economic analysis to neglect the significance of consumption for the functioning of the economic system as a whole. Marxian economic analysis has tended to displace consumption to the horizon of its field of inquiry, thus (mistakenly) constituting as its unique object the capitalist 'economy' understood as the articulated unity of the processes of production and distribution: or, in other words, since we are concerned here with specifically capitalist conditions, of the production and circulation *of commodities.* Directly analogously, most Marxian discussions of economic value—when they have not simply degenerated into a Hegeloid scholasticism capable of obliterating all relation to any material practice whatsoever—have tended to treat the practical destruction of value, viz. through the consumption of the commodities in which it ultimately gets housed, as alien to their object, or, at any rate, so self-evident as not to require independent consideration. Thus, the processes acknowledged as being germane to

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

the theoretical comprehension of value have likewise been limited to two: that of the generation of value (which considered in its material aspect *is* the production of commodities) and that of the formal metamorphosis of value (which in its material aspect *is* the circulation of commodities). In fact, however, value as a social phenomena can only be properly grasped as a unity of all *three* moments: the value-regulated exchange of commodities intervenes between, on the one hand, the accomplishments of economic agents as producers and, on the other, the wants and needs of the same as consumers. Apart from these extremes which it mediates, value has no meaning at all, and by focusing attention on just one extreme to the exclusion of the other, its meaning necessarily gets misunderstood: as in, for instance, 'embodied labour' theories of value, on the one hand, and 'subjective' theories of value, on the other.

The *destruction* of value in consumption, then, is as much a condition of the *existence* of value in exchange as its prior *genesis* in production. This is made clear by even the most cursory reflection upon the practical logic of that transaction in which economic value appears as such: the sale/purchase of commodities. A seller only realises exchange-value, viz. in the form of a sum of money which he or she receives from a purchaser, on the condition of alienating a use-value. The buyer, on the other hand, only receives the right to the usufruct of the good purchased on the condition of alienating a sum of exchange-value, viz. in the money-form, equivalent to that which *prior* to its sale the good potentially or 'ideally' represented (for its seller). The product of labour appears as a *commodity,* a unity of use-value and exchange value, only at the nexus of these two opposed *but symmetrical* perspectives and in the moment of the practical realisation of this nexus, viz. exchange. Hence, we could say, very schematically, that the basic sense of this most elementary act of commodity exchange, sale/purchase, is that sellers relinquish use-value in order to acquire exchange-value, whereas buyers relinquish exchange-value in order to acquire use-value. This is not to say that the purchased good *could not* be resold, and hence its latent determination as exchange-value reactualised, but rather that once having fallen out of the sphere of exchange into that of consumption, the normal destiny of a good is to be realised as *use-value*. And in being thus realised the good which

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

previously appeared as a commodity in the sphere of exchange in fact loses its 'second nature' as value and resumes its singular nature as a material thing suited to satisfying specific wants. Now, a product of labour only really exists as a use-value—i.e. is only realised as a use-value—to the degree that it is used, to the degree that it proves its value *in use.* Since the material properties which endow a product with its specific usefulness are in every case (either instantly or gradually) exhausted through the mode of their practical appropriation (apart, that is, from the decay they suffer simply through exposure over time to the natural environment), the realisation of a product as use-value is simultaneously *its destruction.*[3] Thus, insofar as purchasers of a good proceed to realise its use-value—that is to say, insofar as they consume it—they are finally left neither with value nor exchange value, but rather a pleasant, or needful, or affectively satisfying, or perhaps even disappointing effect. In consumption, exchange-value vanishes along with the use-value bearing it.

Or rather, in just *certain* acts of consumption, exchange value vanishes along with the use-value bearing it—which brings us directly to our problem. For in a developed system of commodity-exchange, where, as Marx sometimes puts it, exchange has itself become an aspect of the production process considered as a whole, though all consumption exhausts the use-value of commodities, it is not the case that all consumption destroys the value they represent. We have, then, under specific circumstances, to distinguish between consumption which preserves the value of commodities and *final* consumption which destroys it. As will be seen, the clarification of this distinction turns out to be a more complex undertaking than it might appear at first glance.

Consumption and the Destruction of Value

What, then, exactly is 'final consumption'? Just *which* instances of the consumption of commodities function in practice to eliminate their value and which do not? The usual answer would be that *individual* or 'personal' consumption, i.e. the consumption by individuals of the goods directly required for reproducing themselves and fulfilling their wants, is 'final consumption', and *productive* consumption, i.e. the

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

consumption of goods in the production of other goods, is not.[4] The answer is perhaps intuitively appealing; but, as we shall see, in the case of specifically capitalist production much more has to be said. We can simply avoid the question, or at any rate its complexity, by assuming a society of petty-commodity producers who produce their own means of production and exchange their goods directly amongst themselves. Under these (thoroughly fictional) conditions, *all* buyers are the final consumers of the goods which they purchase, such that upon its realisation as use-value the exchange-value of a commodity always disappears.

If we take just one step closer to actually-existing conditions, and allow that at least some elements of the material conditions of production are themselves purchased by producers from other producers (i.e. that the production of commodities takes place 'by means of commodities'), then matters already become considerably more complicated. In the discussion that immediately follows, and for the remainder of the first part of this paper, we will be assuming (unless otherwise noted) that the supply of commodities is exactly equal to the demand for them (or, in other words, assuming the full realisation of the commodity-product). In ways which will be parenthetically remarked upon, the overproduction of commodities—whether merely sectoral or generalised as in periods of economic crisis—alters and interrupts the 'normal' course of the metamorphoses through which their value passes. Nonetheless, as Marx always stressed, in order to grasp the manner in which commodity-producing economies, and more specifically a capitalist economy, consistently and systematically deviate from their own norms, we have first to grasp the nature of these norms themselves. The deepening of our understanding of these 'immanent laws of commodity exchange', and of the peculiarity of their application under specifically capitalist conditions, comprises our initial task here.

Now, as is well known, Marx's solution to the puzzles posed by the sale and purchase of means of production was to maintain that their value is transferred to and 'preserved' in the product by the labour which acts through and upon them (cf. Marx, 1976 pp.308–9). Thus, we could say that means of production, like final consumption goods (for reasons which will become clear, I do not want simply to say 'consumer

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

goods'), 'lose' their exchange-value with their use-value, but that, unlike in the case of final consumption goods, this 'loss' is not an absolute loss of *the value itself* (which they represent). Rather, since the use-value of means of production disappears—in fact both appears *and* disappears—in the production of other use-values, though they indeed lose their value (i.e. though they gradually cease themselves to exist as value), they lose their value *to* the new use-values in whose production they are applied. In this case, the consumption of the commodity does not entail the destruction of the value it represents, but rather the preservation of this value as a component of the total value of another product.

At first glance, however, this solution would seem to create a new problem. Recall that in every sale, the seller alienates a use-value in order to realise the exchange-value which, as a product for sale (viz. a commodity), it represents. Upon completion of the transaction, the seller of the product now has exchange-value (viz. in its money-form) equivalent to that contained in the use-value which he or she alienates, but, having alienated it of course, no longer the use-value itself. Since the relation of buyer to seller is a symmetrical one—indeed the formal symmetry of the relations obtaining among economic agents is a distinguishing characteristic of commodity exchange as a mode of social integration—we would expect then to be able to make an analogous claim, viz. with the relevant terms switched, concerning the buyer. Thus we would expect to be able to say that upon completion of the transaction, the buyer has a use-value but no longer the exchange-value alienated in order to obtain it.

Now, this postulate of symmetry is, as we have seen, fulfilled in the case of goods destined for final consumption (which on the assumption of petty-commodity production will be, namely, 'consumer goods'). Supposing that the producer sells directly to the consumer of the product, then the latter relinquishes exchange-value in order to acquire the right to realise the use-value of the commodity received in return. In the hands of the consumer, the commodity sheds its character as commodity and becomes a use-value pure and simple.[5]

The postulate, however, is apparently violated in the case of the sale and purchase of means of production. The seller has realised exchange-value, while (i.e. *through*) relinquishing a use-value. And we would expect that the buyer has acquired

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

the title to realising this use-value, while (i.e. *through*) relinquishing exchange-value. But, if *by* realising the use-value thus acquired the buyer in fact *preserves* its exchange-value, then it would seem that no exchange-value has been 'relinquished' at all. The buyer has of course relinquished exchange-value in its 'real' form, viz. money, but the product received in return has at least retained its 'ideal' determination as exchange-value—which is quite different from what we found earlier. For the producer (or, in any case, the initial owner of the product) in a system of exchange, the product is 'ideally' already exchange value even prior to its 'realisation' as such through sale: in being sold the product *actually* becomes for the seller the value it had already *potentially* been.[6] For the (ultimate) buyer, however, the product was supposed no longer even 'ideally' to represent exchange-value. This, in any event, was what we concluded ought to be the case for 'final consumption' goods. But, whereas the seller of means of production has realised their exchange-value (or, in other words, has acquired the real form of their exchange-value), it seems that the buyer still has this exchange-value *too*. Has value thus been created—in this case, doubled—through exchange?

The resolution of this apparent paradox consists in our grasping that the (productive) 'consumer' of means of production in effect functions with respect to their exchange-value merely as an intermediary or relay between the producer from whom s/he purchases them and the consumer to whom s/he sells her own product (much as if s/he were in fact a merchant with respect to this 'preserved' value-component of the commodity s/he produces). If this latter product is itself consumed by its purchaser as a means of producing yet another commodity, then s/he in turn functions with respect to its exchange-value as an intermediary between the former producer from whom s/he purchased and the consumer to whom s/he sells. And so on until we arrive at the sale of a commodity which will *not* in turn be used to produce another commodity: which, under the joint assumption of petty commodity production and full realisation, means a commodity used to reproduce *the consumer* or satisfy her immediate wants. This 'final' commodity is, then, a 'final consumption good', and the 'final consumer' who purchases it in so doing alienates exchange value in the money-form

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

equivalent to the sum of the values-added in each of the partial production processes involved in its production. Or, in other words, if we take the 'final' commodity product as a whole, then in purchasing it 'final consumers' alienate exchange-value in the money-form equivalent to the sum of the differences between the cost-price (i.e. the price *paid* for conditions of production) and sales-price (i.e. the price *charged* for finished product) of the product of *all* producers.

Means of production, then, can be said to retain their 'ideal' determination as exchange-value *even* in their use, insofar as the price which their immediate consumer has had to pay in order to acquire them is passed on to a further, and ultimately a *'final'*, consumer as a component of the total price which the latter pays for the final consumption goods produced with them. Everything transpires exactly as if producers *advanced* the money needed to realise the value of their means of production to the producers of those means, and subsequently were *reimbursed* by the consumers of their own products. Only in purchasing goods for non-productive 'final' consumption do economic agents definitively *spend* the money at their disposal. Abandoning our present assumption of full realisation of the commodity-product, we could say that economic agents also spend money, albeit *unintentionally,* in purchasing means of production if those means are applied in producing goods for which no market can be found (or which are only saleable at a reduced price). In such a case, the value of the means of production (or some percentage thereof) turns out in retrospect to have been inadvertently consumed, since, to the degree that their product meets no demand, their consumption turns out to have been inadvertently non-productive. To that extent, indeed, their consumption turns out to have been inadvertently 'final', so that in fact nothing essential is changed in the matter.

The 'final' consumer pays the *full* value of the final consumption goods they purchase, including both the value of the means of production used up in their production and the new value created in the final production process prior to their sale. In the last analysis, then, purchases by (viz. sales to) final consumers serve to realise the value of the *entire* (social) commodity-product, *including* the part of it comprising means of production, and in the hands of such consumers the final goods in which this total value was embodied, viz. *prior to*

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

their sale, lose the 'second nature' of being values and become use-values pure and simple. The 'postulate of symmetry' is thus upheld, despite the apparent anomalies created by the sale and purchase of means of production, because, when we view the social process of exchange as a whole, it turns out that the ultimate 'buyers' of means of production are in fact the buyers of the final goods produced *with* them.

Up to this point, it could seem that we have confirmed what I identified at the outset as the usual supposition regarding 'final consumption': namely, that final consumption (at any rate, barring excess supply) refers to *individual* as opposed to *productive* consumption. And indeed, for the case of simple-commodity production we have. But now let us consider the case where production is not only commodity production, nor only commodity production 'by means of commodities', but specifically *capitalist* commodity production. This implies that the means of production are 'set in motion' by workers who sell their labour power to the owners of these means, viz. capitalists, as itself a commodity. Under these stricter conditions, yet another problem emerges—or rather the *same* problem which we just resolved for the case of simple commodity production emerges anew. For we need to account for the fate of the value of 'this peculiar commodity', labour-power, which on our previous assumptions did not exist as such; and we need to account not only for the fate of its value, but also, as will become immediately clear, for the *origins* of its value.

On the assumption of simple-commodity production, the exchange-value of the entire commodity product is realised in the final sale of personal consumption goods to individual consumers, who then in consuming these goods also 'consume' the value they represent. In other words, personal, as opposed to productive, consumption destroys the value of commodities. The personal consumption of workers under capitalist conditions (viz. of wage labourers) is, however, identical with the production of the commodity they sell to capitalists: that is to say, the personal consumption of wage-labourers is the production of labour-power. Hence, the *personal* consumption of wage-labourers *is* in fact *productive* consumption: it results precisely in a 'product distinct from the consumer' (to apply Marx's criterion for 'productive' consumption). Now, the product of the wage labourer's

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

personal consumption is not, of course, *physically* distinct from the consumer; but it is, nonetheless, *legally*—and so *conceptually*—distinct, since, in order to be able to alienate it, wage-labourers must relate to the capacity-to-labour *(Arbeitsvermögen)* embodied in their own corporeal being as something independent of (though subject to) their person—viz. as their *property.* Were this distinction collapsed, and the product of the worker's personal consumption simply identified with his or her person, then upon its alienation the worker would in effect alienate his or her *self* and hence be converted into a slave: s/he would become the property *of* another, rather than a person who intermittently alienates property *to* another (cf. Marx, 1976 p.271).

The personal consumption of commodities by wage-labourers, then, is consumption productive of a new commodity: the means of consumption of wage-labourers are the means of production of labour-power. This being the case, and in light of the conclusions we came to earlier with respect to the value of means of production in general, we would expect that the value of 'consumer goods' is *not* in fact destroyed through their consumption by wage-labourers, but rather *preserved*—viz. in the product of that consumption, labour-power. Hence, we would expect, contrary to what we found to obtain upon the assumption of simple commodity production, that 'consumer goods' are *not* in fact under all circumstances to be identified with 'final consumption goods' —if, that is, by the 'final consumption' of a commodity we understand consumption which results in the absolute destruction of the exchange-value it represents. The analysis of the value of labour-power clearly confirms these expectations, since not only does the value of the means of production (i.e. means of consumption) used up in its production *enter into* the determination of the value of labour-power, but indeed the value of the former *exhaustively determines* the value of the latter. Thus Marx, in his pivotal discussion of the value of labour-power in the first volume of *Capital,* writes:

> Given the existence of the individual, the production of labour-power consists in his own reproduction or preservation. For his preservation the living individual requires a certain quantity of means of subsistence. Therefore the labour-time necessary for the production of

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

> labour-power resolves itself into the labour-time necessary for the production of these means of subsistence; or, in other words, the value of labour-power is the value of the means of subsistence necessary for the preservation of its owner (Marx, 1976 p.274).

We are, then, under specifically capitalist conditions confronted by two functionally-distinct sets of individual consumers (though in practice, of course, this neat schematic division based on functional criteria is disturbed by all sorts of empirical hybrid-forms): on the one hand, capitalists, who expend revenues in purchasing 'consumer goods', and in actually consuming the latter also consume the value they represent; and, on the other, wage-labourers, who expend wages in purchasing 'consumer goods', and in actually consuming the latter *produce a new commodity* and hence *preserve* their value (in another form). Now, recall that we came to the conclusion above that the preservation of the value of means of production through their productive use does not entail a violation of what I have called the 'postulate of symmetry' inherent to the exchange relation, since the payment made for means of production on the part of their users amounts in effect to an advance for which they are subsequently reimbursed. Assuming full realisation, it turns out that the agents who ultimately purchase the means of production are precisely the purchasers of the 'means of consumption' which are the product of their application. These latter, who under our previous assumptions we identified as 'final consumers', pay the total value of personal consumption goods, and, in so doing, in fact alienate the money which realises the value of the total commodity product (since the value of means of production reappears as a component of the value of the goods produced with them). So long as production in general is simple-commodity production, this total value of personal consumption goods (i.e. the value of the total social product) is then destroyed through the actual consumption of the goods in which it is housed. On the assumption of capitalist commodity production, however, we find that the use of personal consumption goods only results in the destruction of the value they represent when it occurs as the personal consumption of a specific *class* of individuals, viz. *of capitalists.* The personal

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

consumption of wage-labourers, inasmuch as it results in the production of a new product, rather preserves this value. It would seem, then, since one part of the value of the total social product is preserved *even* through personal consumption, that we are again confronted by a violation of the 'postulate of symmetry' and hence also by the spectre of a hypertrophic growth of value within the system of exchange as a whole.

As I have indicated, this problem is not a new one for us. The spectre of a hypertrophic growth of value within the system of exchange was precisely the problem we confronted above in considering the case of purchased means of production under the assumption of simple-commodity production. Now, the problem only resurfaces on the assumption of capitalist production because, as used by wage labourers personal consumption goods *are* in fact means of production—which shows us that the solution to the problem is also *exactly what it was before*. The value of means of production is still preserved in the products produced with them; the purchasers of means of production still advance the money needed to realise this value and are still subsequently reimbursed by the consumers of their own products; and the entire value of the commodity product is still realised in the transactions that transfer the right to the usufruct of the use-values in which that value is 'finally' incorporated to the ultimate, that is to say the 'final', consumers in the chain; these 'final consumers' then, in making good on this right and consuming the goods thus purchased, still 'finally consume' the total value which they represent(ed). All that has changed with the analytical move from simple commodity production to capitalist production is *the identity* of these 'ultimate consumers in the chain'. Under conditions of simple commodity production, the 'final consumers' were in fact *all* consumers, though only *some of the time*: namely, as viewed in the moment of producing and reproducing themselves as individuals, rather than in the moment of producing a product distinct from themselves. Under capitalist conditions —or rather under 'pure' capitalist conditions, where all economic agents are either capitalists or wage-labourers—they are *capitalists* and *only* capitalists (consumption by financial dependents of capitalists being understood here to form part of the total consumption of the latter). Under capitalist conditions, individual consumption by workers is *never* 'final consumption', since it *always* results in a product distinct from

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

themselves: their labour-power. This does not, however, imply that the value of the commodities entering into the individual consumption of workers is never finally consumed. The value of these goods is consumed insofar as labour-power (the value of which, as we have seen, is constituted by this latter value) is itself consumed. And labour-power is indeed consumed, as we know—namely, *by capitalists.*

The wage-labour/capital transaction thus exhibits all the formal attributes which we earlier found to characterise the transaction between sellers and buyers of personal consumption goods under conditions of petty-commodity production. The purchasers of labour-power, viz. capitalists, pay to its sellers, viz. wage-labourers, the money-equivalent of its full value, including the value of the (purchased) means of production (means of consumption) used up in its production. They receive in return the right to the usufruct of the commodity they have purchased, which in the use they make of it finally loses its determination as exchange-value: which is to say that insofar as labour-power is consumed, so is its value (i.e. the transformed value of the commodities consumed by wage-labourers in producing it) likewise consumed.

Now, this might seem somewhat counterintuitive. For surely, if any consumption is 'productive', the consumption of labour power ought to be. But in fact, recalling our criterion for 'productive' consumption, the consumption of labour-power ought *not* to be so qualified, since it precisely does *not* result in a new product. So long as we grasp the distinction between labour and labour-power, and understand that the capitalist purchases the latter and not the former, then this will be quite clear. The consumption of commodities is productive of new commodities insofar as they are consumed—that is to say, in this instance, worked upon and transformed—*through labour*. But labour certainly cannot be said to *consume itself*—or rather, it cannot be said to consume its own *potential existence*: the *capacity for labour* embodied in the worker. By consuming labour-power, the capitalist does not produce a new product. Rather the consumption of labour-power results in *productive activity itself,* viz. *labour,* which in consuming means of production (in this instance, *on behalf of the consumer of labour-power,* viz. the capitalist) results in new products. Thus, the consumption of labour-power does not preserve its value, but rather destroys it, analogously to the

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

case of the non-productive use of personal consumption goods.[7] Since, however, the realised use-value of labour-power is the very *substance of value,* in its being consumed *new* value is created, viz. as incorporated in the new product of labour. Provided the working day—which is to say, the period in which the consumption of labour-power by the capitalist continues—is of sufficient duration, then the value of labour-power is, as Marx puts it, 'replaced' by this value newly created in the labour-process. And supposing the time in which labour is performed on behalf of the capitalist is greater than the labour-time necessary for the reproduction of the labour-power whose realised use-value that labour is, then the new value created in the labour-process not only 'replaces' the value of the labour-power thus consumed but also adds to it a 'surplus-value'.

We have then achieved what we set out to accomplish: tracing the value of commodities through the various transformations it undergoes in the course not only of their circulation but also their productive use and finally to the point or points of its disappearance in 'final' consumption. 'Final' consumption, i.e. consumption of commodities whereby their value is likewise consumed, is determined neither by the nature of the use-value consumed, nor even by the function of its consumption with respect to the consumer merely defined as individual or person. This latter alternative is, as we have seen, sufficient so long as we are considering simple-commodity production. In considering *capitalist* production, however, acts of consumption can be determined as 'final' only by reference to their *social* function: by reference, that is, to their function with respect to the consumer defined *as the member of a class.* Under capitalist conditions, only capitalists perform acts of consumption that are not simultaneously acts of production. Or, more exactly, only members of the capitalist class (including financial dependents) *and landowners* perform acts of consumption that are not acts of production; though since the income of the latter is derived in turn from the income of the former, the two can for our purposes be grouped together in a single category in opposition to the class of wage-labourers. The implication is then clear: though they certainly do not consume all the *use-values* comprising the total commodity-product, capitalists and landowners *alone,* without any help from the working class, do indeed consume its entire *value.* This means that only in *their* possession do commodities lose their 'ideal' determination as

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

exchange-values and become use-values pure and simple; only through specific (though not *all*) uses to which *they* put them is the value of commodities *destroyed,* rather than merely being preserved in another form. Capitalists (and landowners) are the 'final consumers' of the commodities which enter into their own personal consumption, since such consumption does not result in the production of any new commodity. And, as consumers of labour-power, capitalists are *also* the ultimate consumers of the value of the commodities which enter into the personal consumption of workers. Since under capitalist conditions *all other* consumption of commodities contributes either directly or indirectly to the production of the goods belonging to these two sorts of commodities 'finally' consumed by members of the capitalist class, and since the value of commodities productively consumed is always preserved as a component of the total value of the commodities produced with them, then it follows (under our present assumption of full realisation) that the sum of the value of the labour-power and personal consumption goods purchased by capitalists is equal to— indeed *identical with*—the value of the *total* commodity-product. It follows, in other words, that under capitalist conditions such purchases serve to realise the value of the commodity-product as such, that, in this sense, members of the capitalist class are the ultimate 'buyers' of all commodities.[8]

Consumption and Crisis

Now, this last point has important and obvious implications for the theory of economic crisis. Crises of a capitalist economic order are, in their first form of appearance, always *crises of realisation.* This is implicit in what I said at the outset was the peculiarity of capitalist crises: that they involve not a *contraction* of production, but rather an *expansion* of production which exceeds society's effective powers of consumption. This claim should not, incidentally, be mistaken for the symptom of a so-called 'underconsumptionist' theory. To say that capitalist crises are essentially tied to a relative deficiency of effective demand is not to commit oneself to any particular theory of crisis at all; it is, as Marx says, simply a 'tautology': 'The fact that commodities are unsaleable means no more than that no effective buyers have been found for them, i.e. no consumers'

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

(Marx, 1978 p.486). The genuine problem for a theory of crisis is, as I have suggested, rather to explain what *constitutes* this insufficiency of demand.

In this regard, the analysis of the relationship between value and consumption that I have proposed here allows us to expose an entire complex of fallacies which have taken root in much Marxian (and also non-Marxian 'radical') discourse on economic life. Thus the suggestion is often made that the increased productivity of labour induced by capitalist production eventually comes into contradiction specifically *with the limited purchasing power of the wage,* and that this alleged 'contradiction' is in fact the fundamental source of crisis. In one (let's call it 'vulgar Marxist') variant, this notion is associated with a 'theory of immiseration' of the working class, and hence presented as an insuperable systemically-determined tendency of a capitalist economy. In another (let's say 'post Keynesian') variant, it is presented as an existing condition which could, at least in principle, be overcome through a redistribution of income toward the working-class. Sometimes an 'optimal income distribution' is even postulated. In either its systemic or conjunctural variants, however, the idea can be shown to be faulty on strictly logical grounds. As we have just seen, no matter how large the total commodity-product becomes, it is, in the last analysis, the monetary expenditures of capitalists and capitalists alone (for simplifying purposes, here treating landowners as a section of the capitalist class) which realise its entire value.

Provided we grasp the constitutive norms of commodity exchange, it follows that *even* the wage-labour/capital exchange, the very *conditio sine qua non* of capitalist production, is in effect a formal mediation of an exchange (or rather, a series of exchanges) among capitalists. The money spent by all capitalists in purchasing labour-power serves to realise the value of the commodity-product of specifically those capitalists who sell wage-goods: the purchasers relinquish exchange-value in order to acquire the right to the usufruct of labour-power, the sellers relinquish the use-values which comprise the means of production of labour-power in order to acquire the real money-form of their exchange-value. Since, as we have seen, the value of labour power is exactly equal to this latter sum, *workers,* in mediating this exchange precisely by selling labour-power and buying wage goods, neither acquire exchange-value

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

nor for that matter definitively alienate it: in practice the transactions into which they enter never do anything more than relay money from the one set of capitalists to the other. In this sense, though they appear in the sphere of exchange as formally free commodity owners like all others, in the process of capitalist reproduction viewed as a whole workers are in fact only ever pseudo-subjects of exchange, the *real* subjects under specifically capitalist conditions being always, in the last analysis, capitalists.

Assuming a given real-wage and a constant employment of labour-power (i.e. in terms of both length of the working-period and number of workers employed), there is then nothing inherent to the logic of capitalist production in a purely economic sense which prevents capitalists—provided, so to speak, they are gluttonous enough—from claiming every increase in the total product due to increases in the social productivity of labour for their own purposes. There is nothing which prevents them, that is to say, from consuming all of the additional product themselves. Since a given real-wage on the assumption of increasing labour-productivity will be expressed in a declining money-wage, if workers' percentage of total income is to be even just *maintained* over time, this is much more likely to be the result of successful political struggles on their part than any collective optimizing decision on the part of capitalists.[9] In any event, it is certainly *not* a functional necessity of the economic system as such.

This is not to say that the boundaries of consumption do not pose a problem for capitalist reproduction, only that they do not pose the sort of problem usually supposed when focus is placed exclusively on the wage. As I have written elsewhere, 'It is in the nature of a capitalist economy that the value equivalent (or "money") needed to realise a given sum of value is always available. What is sometimes missing is a need or desire appropriate to the realisation of the *use-value* in which that value is incorporated. Or, more precisely, what is sometimes missing is the *coincidence* of the will appropriate to the realisation of the *use-value* with the monetary command over the social product sufficient to realise it as *value*' (Rosenthal, 1992 p.29). If the growing social productivity of labour that accompanies capitalist development is not simply to *entail* an overproduction of commodities, followed by devalorization of stock and loss of jobs, then either it must be immediately

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

compensated for by a reduction in total employment keeping the overall size of the commodity-product the same—which under capitalist conditions is, so to speak, a *practical* impossibility, if not a logical one (and, in any event, for the working class hardly preferable to a crisis, so long as it is achieved through a reduction of workers, rather than a reduction of working-time)—or the growth in the extent of the commodity-product must be met by a commensurate growth in the extent of the market. Now, what exactly does 'a growth in the extent of the market' mean? Firstly, we should say what it does *not* mean. It does *not* mean that consumers have 'more money'. The increase in productivity implies that the prices (i.e. per-unit) of commodities *have fallen* (or, more precisely, that the overall *trend* of unit-prices is downwards, though of course the prices of some commodities may remain stable or even rise). On our assumption of constant employment, the extent of the commodity-product has grown *in real terms,* but its total *value* has remained unchanged. So, assuming that the velocity of monetary circulation is constant, consumers as such do not need any 'more money' in order to purchase it.[10] What they need, in the first place, is to *want* to purchase it. Since, however, in a capitalist system monetary command over the social product is not evenly distributed, not all subjective wants have the same economic effectivity. An expansion of the market adequate to absorb an expansion of the commodity-product means, then, that

(1.) the additional product responds to felt wants which are not otherwise satisfied or, inversely, that additional wants either exist or are induced which respond to the use-value form of the additional product[11] and

(2.) that the subjects of these wants are at the same time as juridical subjects endowed with an income (and/or financial assets) sufficient to realise the value which it represents.

In practice, of course, these two conditions are *never* perfectly fulfilled. The degree to which they are fulfilled, however, determines the degree to which the additional commodity-product gets absorbed through an expansion of the market. Say, for instance, a productivity-increasing technical change is introduced in an industry producing a good for which demand is already saturated (i.e. at a given distribution of income). As a result, prices in this industry will

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

be bid down, some portion of the commodity-product will remain unsold and some portion of the capital invested in the industry (viz. the 'excess' portion as embodied in the least-efficient, highest-cost production techniques) will be destroyed. Apart from the transfer of value between industries effected simply through the shift in the system of relative prices, another portion of the capital invested in the industry, as represented by individual capitals which survive the decline in prices but only at the cost of reduced profits, will tend to flow out of it toward sectors where higher-than-average profit-rates signal demand sufficient to absorb additional product. Following a period of adjustment during which the pressures of capitalist competition force a reallocation of labour, the increase in the overall social productivity of labour brought about by the technical innovation in the specific industry in question will, then, ultimately issue in an augmented product *in other sectors* (perhaps even in sectors which did not previously exist). These sorts of gradual and fragmentary readjustments in response to increased productivity, with capital finally coming to rest at points where the market is susceptible of expansion, are part of the ordinary course of capital accumulation.

Crises are, however, another matter. A period of crisis is distinguished by a *generalised* deficiency of economically-effective wants, rather than a merely sectoral one, such that the movement of capital among the various branches of production is unable to secure the conditions of accumulation—unable indeed to prevent the onset of *dis*accumulation. Increases in the social productivity of labour have run up against the limits of society's effective powers of consumption. One *possible* solution to this impasse is a redistribution of the social power which endows wants with their economic effectivity: or, in other words, a redistribution of income. Since wage-labourers by definition enjoy a lesser per-capita control over the social product than capitalists—which is just to say, they receive a lesser per capita income—presumably they present a greater per capita margin of unsatisfied wants. This is in fact not so self evident. 'Wants', as opposed to at least some categories of 'needs', cannot be established by reference to any anthropological given. Furthermore, certain sorts of wants are clearly either incapable of or constitutively resistant to satisfaction via commodity-exchange.

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

Indeed, their satisfaction may even require a positive forbearance from commercial activity (the desire for personal solidarities or simply tranquillity are obvious examples). Since, however, capitalist development itself tends to undermine all *non*-commodity forms of satisfaction of specifically *material* wants, it is at least plausible that workers present a greater per capita margin of unsatisfied wants of *this* sort—or, so as not to prejudge the source of these wants, let us just say of catalysable unsatisfied wants of this sort. In any event, it is not at all clear that this 'solution' has ever been historically tried, nor even, inasmuch as neither the capitalist class nor much less capitalist 'society' act as a whole, just who or what might be the agent capable of trying it. The 'mass consumption' which we associate with so-called 'Fordism', for example, need not indicate any redistribution of income (or may even appear simultaneously with a redistribution of income toward the *capitalist* class), since the constant presupposition of the supposedly 'Fordist' regime is a massive increase in social productivity.

A second possible solution to the impasse represented by a deficiency of effective wants—though one which suspends the operation of the laws of the capitalist market in their economic purity—is for the state to intervene in creating artificial demand for goods which are not saleable in the private sector.[12] The additional investment thus secured will, of course, like any other sort of investment, then in turn provide added stimulus to private sector demand itself. Clearly, this second alternative has had far greater historical actuality than that of income redistribution: most obviously and famously in the form of 'military Keynesianism'. Military expenditures are not, however, the only vehicle employed by the state to this end of late. So called 'development' projects sponsored by the governments of capitalist core countries (either directly or through international agencies) in the Third World arguably serve exactly the same function—*and* have the added 'benefit' of enlisting the effective purchasing power of the supposed 'recipient' populations in expanding the market of the supposed 'donors'.

There is one last possible solution to crises of the generalised structural sort here under consideration. Instead of income being redistributed in closer conformity with the presumed real distribution of wants within the population (such that unsatisfied wants on the previous income distribution become

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

economically-effective wants on the new one), the range of wants of those income-groups with excess income can simply be extended (such that unused personal income at the previous consumption norm becomes spent income at the new one). In other words, continuing to assume that workers in any case spend their entire income, capitalists can acquire the habit of consuming more: whether this means their simply expanding their consumption of particular categories of goods, their substituting relatively more expensive for relatively less expensive goods, or their expanding their overall pattern of consumption to include altogether new categories of goods. In any event, it should be stressed that the consumption habits which need to be revised are, of course, their *personal* consumption habits. Contrary to the impression one often gets from the post-Keynesian literature, it is absurd to expect that additional investment can somehow 'fill the gap' between productive capacity and final consumption. Additional investment can forestall a crisis in the short run, but, since in real terms it represents a further expansion of productive capacity, if there is not in the last analysis a corresponding growth in the demand for consumer goods or, more exactly, final consumption goods in whatever form, it will only make the crisis that much more severe when it does come.

Of course, the three solutions I have mentioned, though isolable for analytical purposes, are not in practice exclusive of one another. Since, moreover, we are considering crises induced through an increase of social productivity on the assumption of a given income-distribution, even supposing that this distribution is just maintained, and further that the state does not make up the entirety of the additional demand required through public sector spending, then, if the conditions of accumulation are to be restored, both capitalists and workers will have to consume more. Up till now, we have been assuming that workers for the most part allocate their entire income to consumption. In practice, however, the revision of the consumption norm that this requires of them, as any given money wage comes to represent an ever increasing bundle (or potential bundle) of real goods, is (at least beyond certain plateaus) no more automatic than in the case of capitalists. Nonetheless, as discussed above, wage-labourers can be supposed to represent a larger reservoir of unsatisfied wants than capitalists: or, more precisely, of unsatisfied wants of *that*

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

sort which are readily susceptible to satisfaction through the material form of the commodity-product. (If one cares to use such language, this is roughly—though not exactly—the same as saying that at lower income-levels we can expect a greater 'marginal propensity to consume'.) Without a very significant redistribution of income, then, the more intractable reproductive problem for a capitalist economy will consist in revising the consumption patterns of the capitalist class itself.

Inasmuch as these consumption patterns determine the, so to speak, 'way(s) of life' of members of the capitalist class in their capacity as private individuals—i.e. outside of the economic functions in which they appear as capitalists, and hence, if you like, in their 'cultural' manifestation—we can legitimately begin here to speak of the *bourgeoisie.* Sadly, there is no limit of a strictly economic sort to what the bourgeoisie can consume without 'help' from the working-class. They need the 'help' of the working-class to *produce* the product, *not* to consume it. Hence, abstractly considered, they could in fact consume the *entirety* of the social product (i.e. in *real* and not merely value terms, as is the case in any event)—but they would have, then, to bear the consequence that there would be no further product forthcoming to replace what they had consumed, that, in effect, they would have killed the goose that lays the golden eggs. We should not, moreover, be led to underestimate the real powers of consumption available to the bourgeoisie by identifying it simply with the juridical recipients of capitalist revenues, thus forgetting that these revenues in fact underwrite the consumption patterns of a much broader set of individuals. Not every bourgeois is a capitalist. Financial dependents within the capitalist class, including not only dependent children but also what we could call a 'lumpenbourgeoisie' of adult dependents, have clearly come to play a very significant role in providing new and pliant markets to absorb the expanding commodity-product. The old idea that capitalism would be well served by a population of pure consumers, buyers who are not also sellers, is in fact not so far from the truth.

None of this is meant to deny that an enhancement of the purchasing power of the wage through redistribution of income could potentially represent a countervailing influence upon the crisis tendencies unleashed by escalating labour-productivity. But it is only *one* possible countervailing influence—not the *only* one. Income redistribution has, I suppose, been a favoured

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

solution of economists because it is simple and does not require the theorist to go beyond the bland manipulation of economic indicators. The analysis of consumption as a moment in the total process of capitalist reproduction entails, however, a great deal more than contriving algebraic formulas for sustainable growth. Nobody buys anything, nobody uses anything, just because their behaviour would thereby be functional from the viewpoint of capital accumulation. As noted, under capitalist conditions income distribution does indeed set certain parameters to, so to speak, the formal possibility of consumption (or, in other words, of purchase). But the realisation of this formal possibility in determinate acts of consumption only ever occurs under the dominion of subjectively felt wants.

Capital accumulation, to the extent it takes place, thus implies not only a constant heightening of social productivity, nor merely a constant expansion of the market, but in the last analysis an incessant revolutionising of subjectivity itself. To grasp what this has meant in the history—especially the recent history—of capitalist production is a task for which no narrowly economic theory is properly equipped. On the other hand, cultural histories of 'the subject' developed in innocence of any knowledge of real economic dependencies are reduced to postulating global transformations without principles and without conditions. A new 'epoch' of subjectivity simply arises, and we are all seemingly compelled in lockstep to reorganize our 'selves' accordingly. We all suffer 'the crisis of modernity', we all re-emerge from out of this 'crisis' as the internally fractured subjects of some supposed 'post-modernity'. At best, such 'theories' merely catalogue the symptoms of a cultural transformation which they are constitutively at a loss to explain or clarify. At worst, like all sorts of historical idealism, they elevate the idiosyncratic experience of restricted (in this case, *very* restricted) communities to the status of the turning point of human history as such. My hope is that by employing the logical scaffolding of economic concepts which I have here developed, the task of understanding what capitalist development means for its subjects can finally begin to be undertaken.

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

Notes

1. As participants in a capitalist economic order, we all 'know', which is to say, we are *familiar* with the fact, that every commodity has a price. To buy or sell them, we have indeed to 'know' their prices. But this familiarity is clearly something other than the sort of knowledge we acquire when we know what it *means* for commodities to have prices: which is to say, under what conditions the product of labour appears as a commodity. The 'meaning' of a price, the 'meaning' of value, is the entire set of conditions which have to be satisfied in order for there to *'be'* economic value at all.
2. The notion of an *absolute* excess of demand has in fact no meaningful economic application. The *opposite* notion, however, does. Where aggregate supply is greater than aggregate demand, some portion of the value of means of production is destroyed independently of the consumption of goods produced with them, viz. by virtue of the very futility of their application. As we shall see, however, this turns out to be just a special case of 'final' consumption.
3. Aesthetic and intellectual goods pose many complex and perplexing problems in this regard, but only because they are not, strictly speaking, products of labour at all, and hence also not commodities. They might be materially *incorporated* in products of labour, but in that case they are not quite identical with their material bearers. To enter into these subtleties here, however, would carry us too far afield.
4. On 'individual' versus 'productive' consumption, cf. Marx (1976), p.290.
5. Indeed even if the first buyer of the product resells it, nothing essential is changed in the matter. Though due to space constraints, we cannot enter into the complexities introduced by intermediate transactions of a strictly commercial sort.
6. This is precisely what Marx means by the 'realisation' of exchange-value: through its sale, the owner of the direct product transforms the exchange value which he or she has 'ideally' in it—and which in conformity with this still merely ideal mode-of being gets expressed as a price (viz. a symbol distinct from the product's material nature)—into the real, i.e. material, form in which this exchange-value *exists* immediately as such. *Money,* namely, functions in exchange as the real incorporation of the exchange-value of commodities in general. Cf. Marx (1976) p.199: 'the commodity is in reality a use-value; its existence as a value appears only ideally, in its price, through which it is related to the real embodiment of its value, the gold which confronts it as its opposite. Inversely, the material of gold ranks only as the materialisation of value, as money. It is therefore in reality exchange-value.'
7. The capitalist's consumption of labour-power is not productive. This is to say that, whereas the consumption of means of production through labour produces new products, the capitalist's

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

consumption of the worker's capacity to labour produces nothing. The fact that the labour-process takes place under the formal authority of the capitalist (i.e. by virtue of the capitalist's being the owner of its conditions) adds nothing to its product. Inasmuch as the capitalist's consumption of labour-power is not productive, it is analogous to personal consumption on the part of petty-commodity producers, or, for that matter, on the part of capitalists themselves (though not, as we have seen, personal consumption on the part of wage labourers). On the other hand, the capitalist's consumption of labour-power does not serve to reproduce the consumer as such and to that extent it is disanalogous to non-productive personal consumption. We have shown that the capitalist's consumption of labour-power is not productive consumption, but now we find that, according to our criterion of individual consumption, *neither* is it individual consumption. The result of the capitalist's consumption of labour-power is neither the direct sustenance of the consumer, nor a product distinct from the consumer; the result is rather the capitalist's juridical title *to* the product of labour, and thereby to the surplus-value embodied in it.

The consideration of capitalist relations, just as it required us previously to acknowledge instances of consumption which are *both* individual *and* productive, now requires us to make the correlative modification of introducing a *third* category of consumption which is *neither* individual *nor* productive. The consumption by wage-labourers of their means of personal reproduction is both individual and productive. The consumption by capitalists of the product of the latter, viz. labour-power, is neither. We can conclude, then, that its being neither individual nor productive provides a criterion for what we might call *exploitive* consumption.

8. Even if we abandon the assumption of full realisation, it remains true that capitalists are the ultimate buyers of the total commodity-product. In this case, however, a third category of purchase would serve to realise a portion of the value of the latter: namely, purchases of means of production which cannot be profitably employed due to insufficient demand. In other words, under conditions of excess supply, the value of the total commodity-product would be equal to the sum of the values of the personal consumption goods and labour-power purchased by capitalists *plus* the value of their losses on *unprofitable investments* (or, more exactly, the portion thereof representing non-renewable investment in capital goods).
9. Of course, capitalists do not make optimizing decisions collectively—which is probably more to the point. Supposing they did, the proposed scenario suggests a strange and beautiful harmony between their interests and their altruistic instincts,

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012

since it would, of course, entail their willfully curtailing the rate of exploitation—and even, in the event of a positive redistribution of income toward the working class, *reducing* it.

10. In the last analysis, commodities exchange against other commodities, viz. as regulated by the socially-necessary labour time they embody. Money merely mediates this outcome (and hence, under certain circumstances, can be replaced by institutionalised systems of social accounting). The amount of money in circulation thus affects the efficiency with which the totality of transactions comprising the circulation of commodities is accomplished. It has no bearing, however, upon the real extent of markets.
11. Advertising is only the most overt form in which wants are generated. The entire cultural apparatus of capitalist reproduction (at least as it evolves in advanced capitalist contexts) serves to interpellate subjects as needy and defective, with their personal shortcomings being irrevocable apart from the qualities which they are supposed to be able to acquire in the commodity-product.
12. I have in mind here goods other than those which are necessary for social reproduction, but due to their useful form and function either incapable of private appropriation or customarily reserved for the public sector. Of course, just *which* functions of social reproduction are to be withdrawn from regulation by market forces is, within certain limits, itself a matter of political contestation—as recent debates in the U.S. over for-profit education makes clear.

References

Marx, K. (1976) *Capital* v.1 (trans. B. Fowkes). Penguin Books, London.

__________ (1978) *Capital* v.2 (trans. D. Fernbach). Penguin Books, London.

Rosenthal, J. (1992) 'What is Life? A Habermas Critique' in *Social Science Information* 31(1) pp.5–42.

Downloaded from cnc.sagepub.com at Australian National University on May 22, 2012