

Trade, Market, Commodity

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Hello, welcome to everyone. I want to thank to the organizers of this conference of IAHPE and TTB, and to everyone that has put labor into it.

Our session has been designed as a kind of introduction. The target is to provide a ground for discussions, and to provide a basic framework. Hence, my speech can be thought of more as a “lecture” than a conference paper.

In this session, we will quickly take into account some basic concepts that we widely use daily. The concept of the commodity is the first. We know that Marx begins *Capital* with the analysis of commodities. His first sentence is: “The wealth of societies in which capitalist production predominates, appears as an immense collection of commodities; the simple unit of this is the commodity.”

I am going to note some implications of these concepts, starting by the concept of the commodity. I hope that, once commodity is defined, the properties of trade and the market in general will become clearer.

Of course, we all have an answer for the question “what is commodity?” Every commodity has a use value. That is, every commodity has a certain usefulness. Fulfills a need. The apple satisfies our hunger, cell phone is used for communication, a bus is a means of transport etc. This is the qualitative side of the commodity. It is the answer to the question: “what is it for?” However, commodities have also an exchange value that is the real important thing in capitalism. This is the quantitative side of the matter. In which ratio will it be exchanged by other commodities? When I give a coat, how many breads can I get in return?

This we call as the necessary form of appearance of the commodity.

Let us pause for a moment on the concept of value. It’s a concept we often use, but I’m not sure if it is used correctly. When people do something for each other, their labour gains social character. Assume that I made soup for a friend of mine. This is a product of labour, but not a commodity. In capitalism, the products of labour take the form of value. As products of labour, they already have natural form; soup is soup, it feeds us etc. In addition to this, they also gain a form of value: the soup in the restaurant is not only a thing that feeds us, it is also a commodity, it is value. The products of labour also gain the form of value. Where? In the market. In exchange relations.

Everything, every object becomes a commodity, to be bought and sold. The form of value becomes dominant. Value displays itself, appears in exchange value, that is, the power of the commodity against other commodities.

Value is the social relationship between commodities. Inter-personal relations are replaced by the relations between objects.

In *Capital*, Marx emphasizes that to produce commodities, it is necessary to produce use values for other people. At this point, Engels reminds that to produce for other people is not

enough to define the commodity. The feudal serf was also producing for others, for the landlord, but not producing commodities. Engels rightly emphasizes that, to become a commodity, the product must be handed over to another person through the market. If there is no market relation, no exchange, then there is no commodity. This is a very important point.

In capitalism, labour power becomes a commodity. So, it also has a market. According to Marx, the labour power market is regulated by the unemployed masses that he calls the “industrial reserve army”. Therefore, to remove the phenomenon of unemployment that regulates the labour market, that is, to provide full employment, is a very important step in ending the commodity character of labour power. This is one of the most important achievements of the USSR. Since the early 1930s unemployment has been practically zero in the USSR. Yet in the 1989-1991 period it was seen that this gigantic step was not enough.

In capitalism, the substance of value is labour. That is, objects, goods, or more correctly, commodities, are values because they are products of labour. The magnitude of value is measured by means of the amount of labour the commodity contains. A commodity is as valuable as the human labour it contains. Every commodity is “valued” as a frozen, embodied part of society’s total labour. Where? In the market.

Capitalist production is commodity production. It starts to commodify everything. In capitalism, the form of value becomes dominant. For this reason, objects that are not products of labour can also gain the form of value. For example, land. Even natural beauties, landscapes, air. They can be bought and sold. Human characteristics such as conscience, honour and dignity can also be bought and sold. When commodity production is dominant, it attracts everything to its own orbit. Everything has a price now. This increasingly permeates to objects that are not produced, that are not products of labour.

This brings us to the phenomena of trade and market. Trade is a very old activity. In the Neolithic period, 8-10 thousand years ago, there were relations of exchange between different societies. In other words, in the pre-state period, when states were not yet established. That is, when classes were not yet distinguished from each other, when social stratifications had not evolved to the point of class formation.

How do we know that? From archaeological evidence. For example, obsidian coming from the Erciyes mountain was sent to Mesopotamia. The first writing systems in Mesopotamia were related to the book-keeping of commercial records. So, an important part of clay tablets etc. were commercial records of that period. Trade is not as old as human history of course. Roughly, it is possible to say that it emerged with the transition to settled life.

We need to point out two things here. 1. This trade is not within the community, it is between communities. In other words, it is at the borders, it is marginal. 2. It is also in the form of exchange of excess product. That means that in those societies use value is predominant, not exchange value. In other words, commodification is not very advanced.

Societies do not usually trade their basic necessities. Old trade routes like the silk road, spice road etc. are limited to luxury goods. For example, there is no wheat road, or rice road. The basic commodities are not usually the subject of trade. The issue in capitalism is not whether trade or markets exist.

Before capitalism there were trade and markets. But there was no market sovereignty. Capitalism has brought the declaration of autonomy of the economic sphere, of the economy, of the market from other social processes.

I think this is similar to the institutionalization of the state. The history of the formation that we call “state” is about 5-6 thousand years. There were domination and unequal relations between people before that also. But these were not institutionalized. However, with the state, this political inequality became institutionalized, and turned into a subject, an agent.

In capitalism, the economic field, or rather the market, is institutionalized. It is now an entity of its own and has the power to determine other social processes. But, of course, is at the same time determined by them.

Karl Polanyi also stresses this: Market is one thing, market dominance is another. Before capitalism there was personal sovereignty; serf was dependent to the landlord, slave to the master. There is no personal dependency in capitalism. Instead, there is the impersonal and indirect dominance of the market, a more implicit sovereignty. You will remember that a few years ago the high commanders of the army had resigned. On a Friday afternoon! Why? So that the markets will not be affected. Now they have a habit of issuing the government decrees on Friday evening. Again for the same reason.

The capitalist system commodifies everything. Commodification is the becoming dominant of exchange value. It means production for profit, for exchange value, not for needs. Capitalism’s solution to social issues is commodification, marketization.

Capitalist society tries to solve the problem of environmental pollution, by making that an object of trade itself. For example the Kyoto protocole assumes trade in carbon emission. The solution to unemployment is private employment offices. The solution to education is leaving it to the market. The solution to the health system is the establishment of private hospitals, cliniques etc. The problem of transportation is tried to be solved by making more roads, bridges. Even basic state tasks like security and judiciary are being left to the market. Today, the US army depends on companies. No need to mention the armaments industry.

Let us finish by a general conclusion. The tendency of capitalist production is to commodify everything. In some periods we can get some achievements, in some areas we can reverse the commodification process. But it’s very possible that in the end we will lose these.

Let’s stay as a capitalist society and at the same time remove some of the ills of capitalism. This, I think, is not a meaningful political reasoning, nor it has a chance to succeed in the long run. The only solution is to organize patiently with a class perspective, and to try to defeat capitalism. And this can only be with an internationalist perspective, with a long-term struggle that covers the whole world.

You can say that this is very difficult. But if you think about the greatness of the opportunity that we got in the 20th century, it can be seen that this is not impossible.

Therefore, we should not construct our political activities as direct responses to problems that we face. Rather, we must think and act as part of the activity to end capitalism all around the world.