Marx's theory of value form and its contribution to understanding price mechanism

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Abstract

Most mainstream economists have argued that productivity growth could improve people's daily life with the help of price mechanism. However, even in advanced economies, despite productivity growth, many people's basic needs are still to be met, in the context of deteriorated working conditions and growing income inequality. To explain the fundamental reason why productivity growth failed to improve people's life, we need to investigate the social process in which increasing number of goods are commodified and priced. Marx's theory of value form in the first volume of *Capital* provides his own perspective on the socio-economic implications regarding the process in which products of various kinds of labor are commodified. In previous literature, neither the economic implications of Marx's own concept of "value" nor the difference between the relation in which the value of a labor product is expressed in terms of another labor product and the social division of labor per se are precisely captured. It is important to note that two kinds of commodities produced by an equal quantity of labor share the property of "value," only if both commodities have an equal amount of exchangeable value. To produce different kinds of goods by an equal quantity of labor is one thing, and to equally price those goods to identify them as commodities is another. The logic of Marx's theory of value form disprove the view of mainstream economists that all the goods produced through the social division of labor will be successfully distributed to consumers with the help of price mechanism. Marx's theory of money enables us to understand how the values of commodities are realized, and to overcome the limitations of the classical economists' view on neutral money, by providing the analytical framework incorporating a specific use-value of money deriving from its social role as a universal equivalent.