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Structural Heterogeneity in Capitalism: A View from the Marxist Abstract Labor Theory of Value

Samuel Jaramillo González*

Abstract

This text deals with the analysis of the phenomenon of heterogeneity in capitalist economies with the presence of sectors that are known, in different theoretical traditions, as “informal”, “marginality”, “popular economy”, etc. This is made with Marxist categories and from the “New Approach” paradigm (or the “Abstract Labor Theory of Value”. The node of the analysis is focused in the use of two notions: the coexistence of different “forms of production” in economies dominated by the capitalist mode of production, and the assimilation, in analytical terms, of these alternative non-capitalist forms of production to the Marxist category of Simple Commodity Economy. We analyze the role of simple commodity production in the basic operation of the capitalist economy, especially in the operation of the proletarianization and wage setting: we analyze the conditions of the coexistence of capitalist and petty commodity producers in a same market; and made some exploration on the articulation of the phenomenon of unemployment in an economy that includes both mentioned forms of production.

Key words: Marxist Economics, Proletarianization, Informality, Exploitation 4 Theory of labor value, Simple commodity Economy

Classification JEL: b51

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Heterogeneidad estructural en el capitalismo: una mirada desde la teoría marxista del valor trabajo abstracto

Samuel Jaramillo González*

Resumen

El trabajo propone una interpretación de la heterogeneidad que se constata en la estructura productiva de las sociedades capitalistas concretas como la coexistencia en un mismo mercado de agentes propiamente capitalistas y agentes mercantiles simples que compiten entre sí. El texto se concentra en el análisis de dos aspectos de esto: a) la competencia ejercida por los agentes capitalistas sobre los agentes mercantiles simples, que de manera permanente los está descomponiendo y desplazando de espacios de producción, lo que eventualmente hace colapsar a estos últimos y los reduce a la condición de proletarios. b) La persistencia de agentes mercantiles simples que resisten esta competencia, y no solamente como algo inercial, sino como resultado de la misma acción del capital, que pone en cuestión la previsión de Marx mismo sobre la tendencia del capitalismo a convertirse en una sociedad compuesta exclusivamente por una oligarquía de capitalistas y una mayoría homogénea de proletarios, mientras que las terceras clases serían liquidadas. Este análisis sucinto se realiza con un modelo de un solo bien, y con ilustración numérica para la primera parte, y con un modelo sencillo de álgebra simultánea para la segunda. Su perspectiva se inscribe en el paradigma de la “Nueva Aproximación” o Teoría Marxista del Valor Trabajo Abstracto.

Palabras clave: Economía marxista, Proletarización, Informalidad, Teoría del Valor Trabajo, Economía mercantil simple.

Clasificación JEL: b51

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1. *Introduction*

The societies we call capitalists, in which dominant social relations are precisely those that articulate capital and wage labor, however, as concrete societies, have always exhibited a rather peculiar feature: not all the goods and services produced in them are the result of productive processes that correspond exactly to this scheme. In other words, in capitalist societies there are substantial portions of goods and services that are produced under modes other than capitalist. And this does not seem to be anything marginal or anecdotal: the weight of these productive activities, which for most analysts form sectors with their own logic, has been generally considerable, and is especially pronounced in peripheral capitalist societies. Its mere persistence surprises many, because it is often expected that the very development of capitalism tends to eliminate them. But what is recorded in societies in which capitalism has been dominant for centuries is that these parallel activities are not only maintained but they even expand.

For a considerable time this phenomenon has become an object of analysis, and has been approached from very different theoretical traditions, sometimes conflicting. Its denomination has also varied: one speaks of “marginality”, of “informality”, of “popular economy”, etcetera. (Muñoz, 2011) The same characterization of the meaning that these “alternative” sectors play is very different between these approaches: for some it is an inertial element of stages already overcome; for others, it is a notable obstacle to overall development, and action must therefore be taken to remove these inertial excrescences, these obstacles to growth. From other perspectives these activities have a full right to exist in contemporary society and play an important role in certain features that are very valuable in it, such as pluralism and democracy. Some even believe in discovering in these activities, which they conceive as belonging to popular sectors, the seeds of alternative and more advanced forms of productive organization than capitalism. (Coraggio 2003; Santos 2011).

The debate on these issues has already a long history and in Latin America has been especially lively. Even more, this discussion in our context has made important contributions to general knowledge. The Marxist tradition has been present in these elaborations and discussions with different contributions and with diverse perspectives. I mention the Marxist critique of the so-called “Theory of marginality” of positivist profile, which was opposed by the classic Marxist notion of the Industrial Reserve Army (Singer 1973). Other elaborations have tried to innovate on the same classical Marxist categories to examine the ways in which these phenomena appear in the social formations of the region, proposing notions such as “plunder” and “squandering” of the labor force that would have a special meaning in peripheral capitalism (Kowarick 1979). With regard to heterogeneity in the production of built environment, Marxist scholars developed for this purpose a very fruitful approach, known precisely for its emphasis on the multiplicity of forms of production, in dialogue with the Marxist current of New French Urban Sociology, but with well-defined Latin American profiles. (Pradilla 1976, 1987, Jaramillo 1981, Schteingart, 1989, De Queiroz Ribeiro 1997).

This text intends to briefly outline the general features of an interpretation on these issues inside the Marxist tradition. It is based, on the one hand, on some of these contributions previously mentioned, with certain reinterpretations in some points. On the other hand, this is linked to a general approach which is new in certain very pertinent aspects and which incorporates elements of the debate that has recently developed in Marxism on basic aspects of capitalism such as value theory, price formation and the division of labor. In a way one could say that it is a neo-Marxist approach, and more specifically, it is related with the Abstract Labor Theory of Value or “New Approach” as it is known.

2. *Forms of production*

We briefly present here a series of definitions of categories with which the Marxist tradition deals with these themes.

Mode of Production, is a global and abstract concept that alludes to the basic structure of a society. Despite the words used, it is not limited to economic aspects, but includes the political and ideological spheres. Perhaps the name, that does not seem entirely fortunate, since it seems to be something confined to the economic, obey to the Marxist conception of the preponderance “in last instance” of the material basis on the other social dimensions. In this way it is spoken of a Capitalist Mode of Production, as of a Feudal Mode of Production, or a Slavery Mode of Production. These are modalities of organization of the society.

Social formation is a concrete notion that refers to the traits of historical societies: France in the nineteenth century, Argentina at the beginning of the twenty-first century. In general, each social formation has a dominant Mode of Production that gives sense to its organization as a whole. Thus, both France in the nineteenth century and Argentina in the twenty-first century have a predominant Mode of Production of the capitalist type, and so can be said they are capitalist societies.

Form of production is an economic category that refers to how humans, resources and instruments are organized to produce a good or a series of goods. Let us look at a definition put forward by Charles Bettelheim (1970) to examine the productive structure of the socialist countries of that time (he calls this notion *relation of production*):

“It is a system of places assigned to the agents of production in relation to the main means of production; this system determines the place of the immediate producers and, eventually, of the non-producers. These places are in themselves nothing other than the places where certain functions are exercised: process of appropriation of nature, coordination of these processes, distribution of their results, etc.”

I emphasize that this is a strictly economic category, and refers to the production of each of the goods and services produced in a society.

As mentioned, in Latin America these notions were incorporated and developed, in particular to understand the heterogeneity in the production of built environment. Here I outline a formulation of some content that would have this category of *form production*. (Jaramillo, 1981)

A *form of production* would be composed of the following positions, which have the character of relation of production, and it is not only a technical notion. The adopted techniques would rather be a result of these social relations, which are compatible with some technical options, and even are particularly convergent with some of them, but with others they are not so much, or could be incompatible.

Direct labor consists in the mobilization of the human capacity of work in the immediate processes of appropriation of the nature. In capitalist production direct labor takes the form of wage labor.

Technical control of production consists of the ability to regulate the putting into action of the workforce and the means of production from the point of view of the work process: this is the case of functions such as the coordination of the different individuals and elements that intervene in production, internal discipline, rhythms and schedules, scheduling tasks, and so on.

Direct economic control of production: it consists of the control over the means of production from the economic point of view that implies the power to trigger the production process and define its characteristics (quantity and quality of the product, resources allocated to its different components, etc.), and also the economic availability of the product. As we can see, it is a concept that approximates that of *property*, just as the former approaches that of *possession*, in the terminology of some of Marx's texts. Under capitalist production form, these two functions are simultaneously exercised by the capitalist: he or his agents control the technical characteristics of the labor process and also exercise economic control. But there are other forms of production in which these two functions are exercised by different agents.

Production motor: it is the element that commands the decisions and practices of the agent that holds direct economic control, and therefore structures the dynamics of production. In capitalist production the accumulation of capital is the motor of production, because it is with reference to it that the capitalist exercises direct economic control.

Indirect economic control of production: it is the ability to affect production from the outside of the production process, especially from the control over the general conditions that frame the motor of production, and therefore, determines and limits the exercise of

the direct economic control of production. Since this expresses the intensity of the interrelation between different producers and productive processes, the importance of this position increases as the complexity and social interdependence deepens. In capitalist production this manifests itself through the mutual conditioning imposed on the market by competing capitalists, and eventually by the state, through regulation and intervention.

Distribution and circulation form. It is the process that chains the products from production to consumption, and which assumes characteristics that are consistent with the productive structure as a whole and contribute to its reproduction. In capitalist production, distribution takes the form of commodity circulation.

In a determined social formation, it is expected that the goods and services produced in it will be elaborated under a form of production corresponding to its dominant mode of production. But this is not always the case: often in concrete societies coexist other forms of production, either as inertia of previous modes of production, or phenomena generated by the specific historical circumstances of that society. Precisely that is what we are concerned with here: to understand that in capitalist social formations many of the goods and services are elaborated through non-capitalist forms of production.

3. *Coexistence of diverse forms of production*

In the analyzes of the production of built environment, the aforementioned Marxist scholars not only describe the different forms of production existing, but also try to explain this diversity and establish the relationships that exist between them. In this reflection plays a key role the notion that the technical and social characteristics of the sector of production and consumption of built environment, and especially the one destined for housing, have some features that make difficult the installation of capitalist relations in it. Let us mention some: the period of work is exceptionally prolonged; it is a durable good that implies that its consumption is also particularly extensive; in this branch it is necessary to use the land for the production and consumption of the product, which implies that a rent must be paid, in this medium often capitalized and anticipated, and in addition, this generates ruptures in the circuit of accumulation, since it is not always possible to secure access to land for the relaunch of reproduction; partly as a result of some of the aforementioned elements, this sector is particularly vulnerable to fluctuations in the valorization conditions, and the impacts of these fluctuations are more severe than in other sectors; also as a consequence of the above, the techniques used are comparatively more backward than those of other branches and coexist various “technological ages”. All this is combined makes this sector not particularly attractive for the deployment of capitalist relations. The prices compatible with a process of sustained accumulation can only be borne by a restricted sector of the population, which generates structural problems of solvency. Even for solvent demand, given the risks and needs of pre-financing and post-financing, capitalist production usually cannot supply real estate products for the entire population. (Topalov, 1973)

But because the built environment, especially housing, is an indispensable consumption, even in a basically capitalist society other forms of production emerge through which this good is supplied to the groups and sectors that cannot be served by the capitalist promotion: their characteristics depend on circumstances of these groups and of the state policy in this regard. As an illustration, let's point out a classification of those other forms of production of built environment that coexist appreciably with the capitalist promotion in our cities: state production, construction by commission (*sur commande*), self-construction. (Jaramillo, 1981)

Here we propose to make a reflection comparable to what we have set out here in such a tight synthesis, but we wish to do so on a more general level. We want to inquire about the coexistence of the capitalist form of production with other alternative forms, but not only in the sector of the production of built environment, but in the production in general. This broader objective has a methodological cost, and is to have to reflect on a higher level of abstraction, that is more simplified. But this may be offset by being able to pinpoint some of the more far-reaching insights.

4. *Simple commodity production*

We will start from a notion used by Marx in his central exposition on capitalism: the so-called simple commodity production. In the first sections of *Capital*, Marx (1867/1975) reflects on some basic features of capitalist society that are connected with the mercantile character of the division of labor in which it operates and which constitutes its basic matrix. That is to say, it is a type of productive organization in which the agents produce in a decentralized way, isolated from each other, each specialized in the production of a good or a service, and without concertation with the others. The fruit of their work is socialized through the mercantile exchange.

To carry out his analysis on this crucial aspect of capitalist society, Marx makes a peculiar methodological operation: he does not analyze this mercantile character of the interrelation between the agents with a direct reference to his characteristic features in capitalist society, but uses a simplified version of that: he constructs a representation in which the agents are defined primarily by their mercantile character. In this "level of abstraction" he does not argue with respect to capitalist agents seeking accumulation and proletarians who sell their labor power, but refers to subjects who produce on their own, who do not hire anyone, and who go to the market to obtain, in indirect way, use values through the exchange. But they do not accumulate, nor is this a benchmark for their action. In this analytical context, Marx elaborates crucial reflections for his examination of capitalism, such as the theory of value, of exchange, of competition, of money, among others.

The importance to us of the category of simple commodity production is that, in our view,

its conceptual nucleus refers precisely to the notion we have evoked as popular economy, informality, etc., and on the other hand, this modality of production can eventually exist in an economy dominated by capitalism. Therefore, it can serve as a theoretical reference for what we propose to study.

It is important to discuss the meaning and scope of Marx's decision to begin his analysis of capitalism with a representation of simple commodity economy. For this it is useful to allude to the criticism he makes of Adam Smith in this regard. The latter also begins his analysis of capitalism by referring to a simple mercantile economy, and also, like Marx, in that context makes very important analyzes for the understanding of capitalism. However, Smith seems to have the conviction that this "rude and primitive" economy, according to his expression, was not exactly equal to the capitalist economy and considered it rather as its historical antecedent (Smith, 1776/1958).

He even has an explanation of the transition from this primeval stage to the modern or capitalist economy, that later on will be known as "The Theory of Abstinence": although simple mercantile economy tends to be egalitarian, the practices of some individuals particularly austere and forehanded, which eventually do not consume the full value achieved in production, can allow them to amass an amount of money that lets them to access more efficient productive techniques: over time this advantage will allow them to win in the mercantile competition to their lesser cautious rivals. The former will become capitalists, the latter become salaried workers. In this way the capitalist profit would be a compensation to the agents who at the time abstained from consuming.

Marx rejects this analysis as a coarse operation of legitimizing capitalist exploitation and points out that this does not have the slightest historical rigor: capitalism does not come from a previous society that had the characteristics of a simple commodity economy, which perhaps never existed as such. Capitalism comes from feudal society, a society of classes, oppressive and exploitative. And the transit between one and the other did not occur in the idyllic way presented here, by the prudence of some cautious agents: the bourgeoisie built capitalism through a long struggle in which the recurrence to violence and legal transgression was the rule.

Marx uses the reference to the simple commodity economy with another meaning: for him this notion is the result of a mental operation of abstraction whose object is to examine more clearly the features of the capitalist economy emanating from its mercantile character. For that reason, he uses a representation that is as general as possible, and postpones the approach of the peculiarities that emerge from the capitalist operation of the economy. In fact, in the structural reflection on capitalism that constitutes one of the axes of Capital, Marx "deduces" from the operation of simple commodity economy the irruption of capitalism. Let's say what he raises is its "structural", "logical" origin, which is crucial to understand the anatomy of capitalist society.

It could be said that Smith does the same. But Marx's criticism goes in the sense that the

Scottish theoretician is not fully aware of the logical character of this operation and amalgamates it with a historical process.¹ In contrast, Marx emphasizes that he is clear about this difference. One thing for him is this logical and structural examination that he makes of capitalism from its simplest representations to the most complex, and another is the historical emergence of capitalism, which he deals with in the section he calls “the original accumulation of capital.” In reality the two types of analysis are indispensable and complementary, and Marx makes them converge.

But if, as Marx affirms, there was never a historical society organized basically in terms of simple commodity economy, that is to say, in the vocabulary that we advance, there was never a Simple Commodity Mode of Production. But this category is not a timeless construction fruit solely from speculation. It is not the result of a set of arbitrary assumptions. It has a historical reference. In various societies there seem to have been productive sectors that functioned in this way, although the overall organization of the economy operated predominantly with another logic.

That is to say that the simple mercantile economy has operated like a form of production in diverse societies that had like basic matrix another Mode of Production. It seems to be the case of urban craftsmanship in feudal economy, and perhaps this case is the origin of many explicit or implicit conceptions that we have about it. Probably in the slavery society of Classical Antiquity, and in societies with an Asian Mode of Production, there were fractions of society that operated as simple commodity economies. This is important because it guides the reflection on the performance of these structures and especially on an aspect that is decisive, the repercussions of the economic instance on other spheres of the social.

5. *Differences and similarities between the simple mercantile economy and capitalist economy.*

Let us examine what have in common simple commodity and capitalists agents, and what not, thinking on both the theoretical-analytical dimension, as well as the aforementioned empirical proposal to approximate the simple mercantile economy to the “popular economy”.

The similarities, of course, are associated with the mercantile character they share, a

¹ Although Smith himself in the Wealth of Nations has multiple explicit statements in the sense that that “rude and primitive economy” is the historical antecedent of modern, capitalist society, and in this sense Marx’s criticism would be justified, in others Scottish works there are very precise and complex analyzes on the transition of the society of the Old Regime towards the emerging capitalism of his time.

characteristic that precisely gives meaning to an analysis of simple commodity production to understand capitalist economics as Marx, and perhaps Smith, do.

The simple mercantile agents and capitalists as units of production specialized each of them in the elaboration of a good or a service (or a few). They do that in isolation and without prior agreement between them. Finally they socialize these products through the mercantile exchange. This is, in practice, the definition of the mercantile division of labor. But let us examine some of its characteristics.

Let us reflect on the assumption that mercantile exchange is fully developed, even in simple commodity production. That is, we are not dealing with transitional situations in which it is produced basically for self-consumption or other modality, and only some surplus products are exchanged, usually in an intermittent way. In the forms of production that we are dealing with, which are strictly mercantile, it is produced primarily for the market and this practice is systematic. The goods and services self-supplied in a pre-mercantile manner are marginal.²

To the extent that mercantile exchange is systematic and repeated, it must necessarily be monetary. Barter is only compatible with sporadic and unsystematic transactions. The products assume the character of commodities, which acquire the peculiarity of being appreciated by the agents for a double quality: by the fact that they satisfy some need, that is to say for their utility or use value, and on the other hand, because they can be exchanged; because there are other agents who are willing to buy them, that is, by their exchange value.

To the extent that these agents sell and buy their products, but also produce them through labor, through the human activity that transforms nature, the support of the aforementioned exchange value is then labor: it is then the category of value. The Theory of Labor Value that these authors apply to both types of mercantile organizations basically consists of the notion that the monetary magnitudes perceived by agents have their substrate and equivalent in labor.³

² The persistence of goods and services provided by pre-mercantile procedures such as self-supply and domestic labor require a specific treatment, which we omit here for reasons of space.

³ This is more precisely the statement of the labor-value notion of the so-called Abstract Labor Theory of Value, which also has the following precision: the relation between social labor quantities and monetary quantities is not only qualitative but quantitative. The total amount of social labor employed by a society in the production of goods and services over a period of time has its correspondence in the monetary amount that that activity increases in the produced goods, that is, what is known as "monetary value added". The relation between these two magnitudes, a ratio which Duncan Foley originally calls "Value of Money" then serves as "converter": a certain amount of money, a commodity that has a certain price, a check for a certain

The relationship established between these different agents is that of competition, of combat between them, and their behavior is strategic: each agent wants to obtain for their products a maximum amount of money, which in the end consists of social labor; and as a buyer look exactly the opposite, get the goods for a minimum amount of money (and social labor). This has, among other consequences, that eventually the transactions do not culminate, that is to say that the products are not sold, and therefore do not reach the character of commodity: it is what Marx calls the “dangerous leap of the realization”, that implies an irreducible uncertainty of each producer that his private activity (his “concrete” labor) is not socially recognized social (as “abstract” labor). This is a central feature of the mercantile socialization that Marx emphasizes as primordial, in which he contrasts with most other theorists.

This strategic and competitive behavior of the agents can generate another fact: that the goods are transacted, but with prices that are different from what the agents initially expected, and possibly by magnitudes that imply quantities of social labor greater or lesser than labor which effectively involved producing them. But the competition in circulation between these agents, on the one hand, and the fact that they are producers-sellers, which allows them to correct their production decisions from one period to another, specifically by changing produced goods (the flow of producers between the branches) leads to two results: these prices that actually take place, which Marx and the classical economists call Market Prices, are not erratic; that is to say they tend to group together: the transaction prices of similar goods at the same time may not be identical, but their magnitudes do not deviate much from each other; on the other hand, these market prices tend to converge towards what these authors call “natural prices”, whose magnitude is determined not only in circulation but also in production. (Jaramillo 2011).

All these traits and processes are shared by simple mercantile and capitalist economies, and it is this which justifies Marx, who is interested in the capitalist economy, to examine them in terms of the simple mercantile economy in which they appear most clearly. It should be noted, however, that these characteristics are not always attributed by later authors to simple mercantile agents and there are readings in which they are interpreted as only pertinent to capitalist agents. Among them I outline the type of competition between agents that Marx establishes, and others that are not mentioned here, but which may be important, related to what Marx calls “Fetishism of the commodity” and which consists in the tendency of the agents to perceive the patterns of the market not as a social construction, and therefore modifiable, but as a “natural” structure obeying uncontrollable laws.

Now, the main difference between the simple mercantile agents and the capitalists is their relationship with the market. The simple mercantile agent goes to the market with the

monetary amount, etc. multiplied by this " Value of money "indicates the amount of social labor they represent. (FOLEY, 1982)

fundamental spirit of obtaining use values different from those that he produces in a specialized way. He does this because in this way, by concentrating on the production of a single good, or a restricted number of them, selling them in the market and buying with the money obtained the goods that he does consume, he can obtain for the same amount of labor, a greater magnitude of the latter than if it had dedicated his work to produce them directly. It is the criterion by which one passes from self-supply to market production. But the ultimate purpose of this operation is not to increase the amount of value. Although, as we have seen, simple mercantile agents, if they can, sell their goods for amounts of money superior to those that involved the production of their goods, and eventually succeed; but the global interaction between agents and competition leads to the fact that, as a tendency, even against the will of the protagonists of these practices, market prices converge towards natural prices compatible with the labor embodied in them, the working time that is socially required for the processing of those goods. This means that, as a trend, the simple commodity agent does not capture additional value in the market but recovers a quantity of labor similar to that which has been required for the production of goods produced by him.

It is then what Marx calls the simple circulation of commodities that he schematizes as the C-M-C circuit. The simple commodity agent after the elaboration of his product is in possession of a commodity that has a certain potential value C, but also, a use value that does not interest him in itself, since he has produced this good for the consumption of others. He goes to the market to sell that good, and realizes this potential value through its exchange for money (M). If he is successful and can sell his product, with this money, which tends to have an amount of value similar to that of his original commodity, he can go to buy the goods that he consumes C. As a trend, the value of his money has a magnitude similar to that of the goods he buys.

Let us stress two important elements of this simple commodity circulation. The first is that the market has for the simple commodity agent an intermediation role: what he seeks is to obtain the use values that he consumes. But he does not apply his labor to the production of them, but to the goods that he is going to offer in the market. As we have seen, this is advantageous for him. But the market is not an end in itself. The second important element is that, normally, the value involved in these transactions does not increase. The amount of value contained in the initial commodity produced by him, is equal to that contained in the final consumer goods he buys. The motivation to go to the market of the simple commodity agent is not to attract more value. He tends, therefore, to reiterate the successive productive processes with the same magnitude of value. It does not grow in value terms. It therefore tends to have the same scale over time and a reduced one.

As it is known, the capitalist goes to the market for a different motivation. He seeks to capture a greater value than the one that he “invests”. He searches to accumulate value. Marx outlines the logic of his performance with what he calls the Capitalist Circulation of

Commodities. A capitalist starts from a certain amount of money (M), which he considers his “capital”. He invests it by buying a certain quantity of goods (C) that he applies to production. Finally he sells these goods and recovers an amount of money (M). The cycle would then be M-C-M. It is obvious that since money has a homogeneous use value, the potentiality of access to any use value, the only sense that can have this circuit is that the final amount of money (which we will denote as M') would be greater quantitatively than the initial magnitude. The direction of the circuit implies to start with a sum of money (M), the investment of the capitalist, and end with another amount of money (M') that includes the amount of the investment and an increase that constitutes the profit.

It is well known Marx's analysis to explain this increase in value, perhaps his most important contribution to the analysis of capitalism. It is known as Theory of Surplus Value. In capitalism the capacity to work, the labor power in Marx's vocabulary, is assimilated to the condition of commodity, which is bought and sold in a market. It is not produced by any simple commodity agent nor a capitalist, but through a complex biological, social and cultural process. But it needs to be recovered, reproduced and for that it is indispensable the consumption of goods. The value of these goods consumed by the seller of this labor power, the worker, would constitute the value of the labor power. However, the time society requires to produce these goods included in the “salary basket” may be less than the time actually worked by the workers. Therefore the value of the labor power may be less than the value generated by the workers. This difference is what Marx calls surplus value and has an equivalent in money that constitutes the capitalist profit. On this subject we shall return in this same text, since in our opinion the examination of the interaction between the simple mercantile economy and the capitalist one makes clearer and reveals unsuspected aspects of this process of conversion of direct workers into sellers of labor power, which is known as proletarianization.

In terms of our categories, we would say that a simple commodity form of production is characterized by the following: direct labor is the agent's own work that transforms nature. Technical and economic control of production are exercised by the same producer. The motor of production is to produce values that allow the agent to obtain the goods he consumes. The form of circulation-distribution is the market circulation.

6. *Simple commodity agents and proletarians*

Let us now examine the similarities and differences between the simple commodity agents and the conditions of the proletarians, one of the classes that arise in the capitalist economy. This comparison is of great relevance for examining the relations and eventually the coexistence between simple commodity and capitalist forms of production. In both cases, the agents in each of these forms of production play the role of direct labor in the transformation of nature and in the elaboration of products. Their fundamental difference is that while the simple commodity agent sells a finished commodity that is the product of

his labor, the proletarian sells his capacity to work, his labor power. This of course implies that the simple mercantile agent, at least formally, retains his autonomy in the production process: he can exercise both the technical and the economic control of production, and is the legal owner of the product. On the other hand, the proletarian must sell (rent, perhaps be more precise) his labor power in order to put it in value because he cannot do it independently. Then, he depends on the capitalist, and in fact is subordinate to him both technically and economically.

But the simple commodity agents and the proletarians share some very important aspects. The most prominent is their relation to the market: even if the labor power is a peculiar commodity, what the proletarian sells is a commodity, and in this follows a logic similar to that which we refer to for the simple commodity agent. The starting point of his mercantile circuit is the possession of a commodity, his own labor power, which he cannot put in value on his own (C). Therefore he sells it in the market, in exchange for a salary, which is a monetary sum (M). With that money the proletarian buys the use values that he ultimately consumes. Like the simple mercantile agent, the proletarian goes to the market as a mediation to obtain the use values that he consumes. For him it is more convenient to obtain them through the market, in this case, the labor market, than through self-supply (something that often is just impossible). Although the magnitude of the wage may vary, and the worker seeks to be as high as possible, his primary interest in selling his labor power is not to increase the amount of value but to access the goods he consumes.

A very prominent aspect shared by simple and proletarian mercantile agents and contrasted with capitalists is their perception of the meaning of monetary magnitudes. In a market structure, possessing an amount of money means having a portion of social labor. This has two sides: from a perspective, this implies access to a certain quantity of goods. But on the other hand, it also implies having control over social labor, labor of others. This is simultaneous⁴, but by the characteristics of the agents some emphasize one aspect while others privilege the other. What is relevant for wage earners and simple commodity agents is the amount of goods they can get from their monetary income, or from the amount of their own labor. For capitalists who do not properly seek to have more and more consumer goods, but more control over social labor, the important thing is the evolution of the content in value, in social labor terms, of the monetary magnitudes that they possess.

Today there is an interpretation, rather expanded, that calls into question the idea that Marx poses the existence of a labor market as such, and the notion that labor power is really a commodity. According to this, Marx claims just the opposite: he denounces this as a mere ideological appearance and he unmasks this notion as a fabrication, which pretends to show the relation of capital and labor as a balanced transaction. I absolutely disagree with this conclusion. Quite the contrary, Marx's sharpness consists precisely in

⁴ One who explores with greater interest this double character of value is Smith with his dual theory of "labor-commanded" and "labor-sacrifice."

demonstrating that the simple operation of the market, without violating their equivalence laws, leads to exploitation, and at the same time makes it opaque, since there does not seem to be a forced extraction of surplus. One of the strengths of capitalism is that exploitation takes place through an automatic and impersonal process, and therefore it is enough to enforce the laws of mercantile exchange so that the capitalists can appropriate a portion of social work. Marx does not endorse capitalist exploitation, but rather identifies its basic form of operation.

The objections that are raised to deny the existence of a market of labor power, in which it is assimilated to a commodity, do not seem to me to have sustenance. It is said that the proletarian is not subject to the “dangerous leap”, like the real mercantile agents, because he, when hired by his employer, is not affected if his employer has success or not in his investment. This would be not only a substantial difference, but would induce certain behaviors: the wage-earner would be averse to risk, while the mercantile agents, whether simple or capitalist, would cultivate personalities that lead them to face the uncertainties of the market.

But the wage-earner has no difference in this respect from a commodity agent who offers a good that is an input from another production process, as one might think of the labor-power, which is not an ultimate consumption good, but is used to produce other commodities. A mercantile agent that offers steel, with which to produce trucks, once the steel is sold, no longer runs the risk that the trucks will not be bought. But he certainly faces the dangerous leap in the steel market, since he is in danger of not finding a buyer for the commodity he offers. This is not different for the wage earner: once the labor power is sold, he does not face the uncertainty that the final product is not sold; but of course he must face the dangerous leap in the market of the merchandise he sells, that of the labor power: he may not find buyer for it. This is what is called unemployment.

Neither seems to me a valid argument the consideration that that by “selling” his labor power, the proletarian does not completely lose ownership over it. In fact it yields its use by a period, at the end of which, he regains its dominion again. But this is not exclusive to the labor power, nor something exceptional in market practices: this is nothing other than renting a commodity, such as a house. The landlord assigns the usufruct of the building to a tenant in exchange for a lease. He never totally loses property over the building and returns to take possession of it after the agreed term. No one can say, however, that there is no real estate market, nor that buildings cannot be commodities.

It is alleged, on the other hand, that it is not possible to speak of a true market when one of the participants in the transaction does not choose to do it, in this case the salaried worker who is actually forced to do it: if the proletarian does not sell his labor power he cannot subsist. But the same can be said of the simple commodity agent. If he does not sell his goods he cannot consume. In the limit, he is as forced to go to the market of goods as the proletarian to the market of labor power.

Nor does seem to be evident the peremptory statement that in the labor market there is no individual negotiation between worker and employer, that this operates through collective confrontations and that this occurs through a fundamentally political struggle. A proof of this and an additional argument for denying the existence of a labor market is the fact that there are a myriad of regulations such as the amount of a minimum wage, limits on working hours, restrictions on dismissal and compensations. It does not appear to be a convincing argument. In the first place, this seems to refer to the features of the labor relationship in the Fordist era, something that did not always exist in capitalism and seems to be being overcome. Regulations can be the result of confrontations between workers and employers in global terms in certain circumstances, but they do not eliminate the market: just what is negotiated are conditions that affect that market. Moreover, the existence of regulations in a market does not imply in any way that it ceases to be a market: one can put a maximum price on milk, or make requirements of certain quality, but the milk market does not disappear because of that reason.

There is a political and ideological aspect attributed to simple mercantile agents by their very character: it is said that their objective autonomy favors in them an independent political attitude that does not recognize subordination and conditioning and that leads them to be especially jealous in defense of the individual dimension versus gregariousness or totalitarianism. The liberal tradition has emphasized this and is frequently used to justify private property, even if it is no longer that of simple commodity agents, but capitalists. But in the opposite pole of the political spectrum, the libertarian socialist tradition raises something similar, albeit in another strategic direction: it shows that a very considerable proportion of anti-capitalist mobilizations have in fact been carried out by contingents of simple mercantile agents radicalized by the spoliation exercised on them by capitalism. It is even suggested that in the construction of a post-capitalist society should be counted as an objective, respecting requirements of technical nature, to maintain sectors of this profile ("autonomous") as a guarantee against Statism.

The more orthodox Marxist tradition, which always entrusted the vanguard role to the organized proletariat, on the contrary, always saw with some distrust these groups which, at least in its initial moment, perceived as individualistic and undisciplined, ambiguous and inconstant in the confrontation to the bourgeois order. In fact, a repeated Marxist accusation against libertarian socialists, their competitors in the revolutionary movements of the nineteenth century and the beginning of the twentieth century, was precisely that of being the ideological incarnation of these "petty-bourgeois" non-proletarian classes who dreamed of a society alternative to capitalism but that history had already surpassed: that of an idyllic simple mercantile society.

7. *Capitalist production and simple commodity production: competition and hegemony.*

From this comparison between the features of simple commodity and capitalist production, let us examine their interaction. We begin with a consideration to which we have already alluded: the fundamental relationship of simple mercantile individuals to each other, is that of competition. And the same can be said of the capitalist agents among themselves. Well, if simple commodity and capitalist agents participate in the same structure, the expectation is that this competitive relationship between them will be the prime mover. Thus, in these terms, it can be said that capitalist agents and simple mercantile agents compete in the market. In classical analysis an emphasis is placed on an outcome of this confrontation: being unequal in favor of capitalists, they tend to displace and liquidate simple commodity production. However, it is necessary to analyze this in more detail.

This is linked to the explanation of labor exploitation in the capitalist economy, which although not usually noticed, has very strong links with the issue that we are discussing. We have recalled that in Marx's analysis of surplus value he argues that the capitalist has the possibility of capturing a portion of value in the market and thus makes grow his capital because he buys a commodity, the labor force, for the value of it, but when using it, and putting it to produce other goods, it transmits to the latter a greater value. There a legitimate question arises: why does the proletarian accept to receive in the market only a part of the value generated by his labor? Why does he sell his labor power and not use it in producing a commodity, sells the latter, and thus retains the entire greater value generated by his labor? Note that in terms of what we have been discussing, this is tantamount to wondering why the worker decides to be proletarian and not to operate as a simple commodity agent? Marx's answer is that the salaried worker cannot put in value his own labor power on his own, because he has no access to the means of production. He has been stripped of them. That is why he depends on the capitalist to be able to operate the labor power. He not only chooses, but is forced to sell his labor power.

The dispossession of the worker of the means of production was approached by Marx following two paths of analysis: one, of a historical nature, gives account of the pumpy historical process of pauperization and destruction of alternative forms of production, that led in Western Europe to massive proletarianization (He calls that, the Original Accumulation of Capital) The second approach, that he made convergent with the former, is of structural type, compatible with the analytical plan of Capital : he explains how, through the market, this separation of the worker from his means of production is continually given and reproduced. In other words, how capitalist producers liquidate alternative forms of existence, in this case, the simple commodity production through market competition.

Let us make this analysis through a simplified numerical example. Let us assume an initial situation in which all agents are simple commodity producers. A good is produced which is simultaneously means of production and means of consumption. The quantitative data of the example are summarized in Table 1 and are as follows: a simple commodity producer typically works 8-hour daily. This will be his “living labor”. To do this he requires the use of instruments and raw materials that have already been produced previously, which are commodities, and which involve two hours of labor: this will be his “dead labor”. In this process 10 physical units of product are produced. Therefore these physical units will condense 10 hours of social labor, and that will be their value. Here we talk about hours of social labor, but the transactions are given in money. Through the procedure proposed by Foley (1982) and that we have evoked (the “value of money” as a converter) we can speak of the equivalent of monetary magnitudes in magnitudes of social labor. Here we will use a notation that is useful for the simultaneous treatment of capitalists and simple mercantile agents, although sometimes we have to have a certain flexibility: for dead or indirect) labor we employ the notation of **C**, which is usually used to denominate in Capitalist economy *Constant Capital* (Which for the capitalist economy is synonymous with dead or past labor, but which for the simple mercantile agent is not strictly capital. It is for that why we ask for terminological flexibility). To the monetary equivalent of “living labor” we call it *Value Added*, and its notation is **VA**. The total value of the commodities as a whole is noted as usual with **W**.⁵

We call unit value (which we note as **wu**) to the amount of social labor condensed in each of the physical units produced. In our case, since the total value is 10 and the physical units are 10, each of these product units condenses a unit of value: $wu = 1$.

We are going to introduce a category that makes sense specifically in a simple commodity economy. We call it the *implicit remuneration of labor*. The simple mercantile agent sells commodities. In their price is included the value added by his work. If at the total price one discounts the price of the goods he used as “dead labor,” (the tools, the raw materials, and so on), he has left a sum of money which is what he can devote to consumption. Although he does not sell labor power, it can be said that, through this procedure, he obtains a remuneration to the labor exerted. This is what the simple commodity agent actually pursues. We note it with the letter **i**. In our case, the worker works 8 hours. That is his concrete live labor (**CLV**), which in this case coincides with his incorporated labor and his

⁵ We assume that commodities are exchanged for quantities of money which represent the embodied labor, the labor which society as a whole requires to produce them: in a simple commodity economy this implies that commodities are sold at their natural price. We don't take into account the omnipresent deviations of market prices.

abstract labor, because he uses the generalized technique and because the goods are sold for their embodied labor (as we will see, it is not always so). For the work of 8 hours he obtains a sum equivalent to 8 hours of social labor. We call *unitary implicit remuneration to labor (iu)*, to its equivalent per unit of working time: in that case for each hour of work the simple mercantile agent captures an amount of money that equals one hour of social labor. We are going to call *“real” unitary implicit remuneration to labor (iur)* to the quantity of consumer goods that the worker can buy with the money that obtains in the market. In this case, as the price and the unitary value of each commodity is 1, we can say that its *iur* is 1. That is, for each hour worked obtains a physical unit of the commodity. (Recall that in this case it is a unique commodity).

Table 1

Example of value formation in a simple mercantile economy

	“Dead” labor	“Living” labor	Total labor	Physical production	Unitary value	Implicit remuneratio n to labor	Unitary implicit remunerat ion to labor	Real unitary implicit remuner ation to labor	Concrete living labor
	C	VA	W	PhP	wu	i	iu	iur	tvc
SMA	2	8	10	10	1	8	1	1	8

SMA= Simple Mercantile Agent

Now let us contemplate the possibility that in this economy a capitalist agent will break out. We will use arbitrary numbers to illustrate this interaction, which we refer to in the first line of Table 2. We will assume that capitalist agents have two characteristics: on the one hand, they have a larger size. They are able to mobilize a greater amount of labor, both alive and dead. On the other hand we are going to assume that this greater scale of operation allows them to employ more productive techniques: proportionally they can produce a greater quantity of physical goods with similar amounts of labor.

To make the exercise more eloquent, let us suppose that the relationship between dead labor and living labor is equal to that of simple commodity agents who are its competitors.

⁶ Let us suppose then that the scale of production of capitalist agents is 50 times that of a simple commodity agent: they produce with 100 units of dead labor and 400 units of living labor, so that the total value produced is 500. But the capitalist agent is more efficient: if the labor involved in its productive process is multiplied by fifty in relation to simple

⁶ That is to say that in neoclassical terminology, the relation "capital/ labor" (K / L) is the same between the two types of agents.

commodity production, the physical quantity produced does it for a hundred times: a thousand physical units of product are produced. Therefore, the unit value **wu** is reduced to 0.5, since each physical unit of product condenses half a unit of labor.

How does this influence simple commodity production? It does so in a substantial way, although the capitalist producers do not have a direct interference in the practices of simple commodity agents: their incidence occurs through the market. The decisive point is that in this unified market, insofar as the product is homogeneous, its value is also unique, and responds to the most advanced technique: its value corresponds to the socially necessary labor to produce it. In this case, as we have seen, this unit value is 0.5.

If we look at the second line of Table 2 we see what happens in market terms to this simple mercantile agent. He continues to operate with his own technique, so he needs the same instruments, whose value we are going to assume does not change, that is to say that he has to buy them for a sum of money that equals two hours of labor.⁷ If to these instruments and raw materials are applied 8 units of living labor, 10 physical units are obtained as a product. The novelty consists of the following: the simple mercantile agent cannot obtain in the market but 5 units of value, because that is the magnitude that results from selling its 10 physical units of product for the unit value of 0.5. It will be said that he has applied 10 units of labor to this merchandise: but in this case we should classify it as “concrete” labor. The market then recognizes only 5 units of value as social labor, which is what normally occurs in a mercantile economy in which there are less productive producers than the generality. In this way, discounting the two units of dead labor, the simple mercantile agent does not have left to “remunerate” his labor of 8 hours, but an amount of money that represents 3 units of social labor. That is, their “implicit remuneration to labor” is reduced to 3. The remuneration per hour of concrete live labor **iu** will be then $3/8$ or 0.375. As the value of the commodity he consumes has also been reduced by half, this worker for each hour of work would get 0.75 units of product, which would be his **iur**, that is to say, his “real” implicit remuneration to every hour of concrete living labor. As can be seen then, through competition, and without using any extra-economic procedure, capitalist producers make the conditions of the simple mercantile worker worsen: both in terms of value and in terms of physical goods; the remuneration that the latter obtains shrinks.

⁷ This fact is fully consistent in an iterative model, in which the prices of productive consumption goods are bought in the previous period, at the prices in force in the same past period.

Table 2

Example of value formation in a market economy in presence of simple mercantile and capitalist agents.

	"Dead" labor	"Living" labor	Total labor	Physical production	Unitary value	Implicit remunerati on to labor	Unitary implicit remuner ation to labor	Real unitary implicit remuner ation to labor	Concret e living labor
	C	VA	W	PhP	wu	i	iu	iur	tvc
Kist	100	400	500	1000	0,5	–	–	–	400
SMA	2	3	5	10	0,5	3	0,375	0,75	8

So far, however, we have not differentiated into the Added Value of capitalist production between what constitutes Variable Capital and Surplus Value. That is to say, we have not specified the possibility of the existence of the exploitation itself or of any determinants of its magnitude, nor what it implies as a rate of profit. Here are some possibilities with our example.

In Table 3 we illustrate a possibility that has some relevance. Let us suppose that the capitalists pay a wage that in "real" terms implies for the salaried workers the capacity to buy with their salary an amount of the good that is equal to what they could buy as simple mercantile agents before appearing the capitalist competition. This could be relevant in a phase of introduction of capitalist relations in the branch. In our case the salaried worker should obtain a unitary wage per unit of time that would allow him to obtain in the market a physical unit of the good, which is what he obtained as a simple commodity agent per unit of time worked. To this we will call it the "real" unitary wage **ruw** and should be equal, in this case, to the real unitary implicit remuneration to labor **iur** that as we have said, is equal to 1. As the value and the price of the good is 0.5 , this is what must be paid to the worker per unit of time worked so that he can buy one unit of the good for each unit of time worked. In aggregate terms, since global living labor is 400 hours, for them the capitalist would pay a global wage equivalent to 200 units of social labor. This global wage **S** is nothing other than what the capitalist pays as variable capital **V**. In this way the capitalist paying 200 units as variable capital can retain the complement of Value Added, or the monetary equivalent of living labor, in terms of Surplus Value. In this case, this Surplus Value would be 200, which is what fuels the profit of the capitalist. The rate of profit would be 0.666 as the capital disbursed by the capitalist is 300 (100 constant capital and 200 variable capital) and the surplus value is 200.

It is interesting to note that this way of presenting this mechanism highlights a strength of

capitalism: although it is in fact an economic organization based on exploitation, it does not necessarily imply a fall in the standard of living of workers with respect to less developed forms of production. In the example the wage earners are exploited, the 200 units of surplus value that the capitalist takes are provided by them. But these workers retain the same prior level of consumption, which weakens the resistance to the proliferation of capitalist relations. However, as shown in this example, capitalist production tends to destroy simple commodity production: if a worker refuses to sell his labor power and insists on producing independently as a simple commodity agent, he would have to resign himself to an inferior standard of living: in this case he would be able to consume one unit of merchandise for each hour worked as wage earner, but as simple mercantile agent he would obtain just 0.75.

Table 3

Example of value formation in a market economy in presence of simple mercantile and capitalist agents. The wage retains the purchasing power that had the simple mercantile agents when there was no capitalist competition

							Aggregate salary	Unitary wage	"Real" Unitary wage		Profit rate
	C	V	P	W	PhP	wu	S	su	sur	tvc	g'
Kst	100	200	200	500	1000	0,5	200	0,5	1	400	0,666

But what would be the level at which wages tends once bonded capitalist production? Recall that this is one of the key questions that Marx asked about the basic functioning of the capitalist economy, and in which he showed his disagreement with the elaborations of Classical Political Economy. For the latter, the wage, which is considered a price, would tend to a "natural" level to which its manifestations converge in the market, and this level of convergence would be the "subsistence wage." Marx poses this problem in a more complex way. He also conceives the wage as a price, which corresponds to that peculiar commodity that is the labor power. In concrete terms, wages can fluctuate depending on the confrontation of bidders and demanders in the labor power market. It can rise, when, for example, there is a shortage of workers, or when through the organization workers can put pressure on employers. But the opposite also happens. The wage can fall when there is an abundance of workers, or when the level of investment weakens, and so on. But for Marx these oscillations have two limits. The superior is clear: the wage cannot systematically cover the whole of the surplus: in that case, the capitalist's incentive to invest would disappear, the demand for labor power would decline and the wage would fall again. The lower boundary is more problematic for Marx. He is not satisfied with the idea of the

biological minimum. This, on the one hand, considers that, given the peculiarity of the labor power as a commodity, the rates of oscillation of its supply are due to processes more complicated than the migration of capital from one branch to another, as in normal commodities. On the other hand, the perception is that this minimum is very rarely reached, and despite the misery to which the working class is sometimes subjected, it does not seem objective to maintain that it is always on the verge of starvation. In practice, in addition, these lower values of wages seem to contrast much between one country and another, although the biological characteristics of workers (or their eventual consumption) should not be so varied.

Smith, who before him posed this same question and who also seemed to him to be implausible the notion of subsistence salary, ends up proposing an idiosyncratic explanation: by cultural or moral effects, in a given society a socially accepted minimum is established, below of which the payment to a worker is not tolerated. The Scottish or French employers of his time were pettier with their workers than their English counterparts, and therefore considered a more restricted minimum wage. Marx, who was not very inclined to explain these economic regularities by simple habits or moral convictions (rather on the contrary) leads however to a more or less similar formula: he speaks of “historically determined” processes and makes some allusions to the fact that the conditions that must have the labor power to operate in a process of capitalist production are changing over time. Therefore, the quantitative and qualitative characteristics of the “wage basket” and its magnitude in value also change. But many find an insufficiency in Marx’s reflection by not identifying a market determinant (in rigorous sense) to fix this lower limit of the wage.

The way in which we present here the operation of the capitalist economy, with the actual or virtual presence of simple mercantile agents, can provide clues to satisfactorily answer this question. Here we have assumed a wage level that is compatible with the living conditions of the workers before the capitalist competition appeared. But once it is consolidated, each individual capitalist would seek to pay the lowest wage he could find on the market. As in other commodities, this ceases to be an individual option and becomes compulsive, for if a given capitalist pays higher wages than his competitors, they may eventually get him out of the market.

What would be the minimum wage level to which competition between capitalists would lead? This basic level would be equal to what workers could get if they operated as simple mercantile agents. If the employers offer a lower wage than this, the workers would prefer to work on their own and the capitalists would not find workers. In Table 4 we illustrate this in our example: the “real” unitary implicit remuneration to labor that would be obtained by the workers acting as simple mercantile agents is 0.75 units of commodity for each hour worked, which would be equivalent in terms of abstract labor **iu** to 0.375. This would be the minimum wage level: the real unitary wage **sur** would have a minimum level of 0.75 which would be equivalent to 0.375 as a unitary wage in value terms. This level may be higher than the minimum of subsistence. And it would not depend on the pettiness or generosity of the

capitalists. It would be a purely market mechanism. An important determinant is the efficacy of simple commodity production (its “productivity”) which may vary in different contexts. Note that it is not necessary that there really are simple mercantile agents, but only that it would be potentially possible to produce in that way.

In our example, since the capitalist employs 400 units of living labor and each of them paid at 0.375 units of value, the wage fund is 150. This would be the variable capital of the capitalist and therefore, if the goods are sold by its value, the surplus value would be 250. If the total capital is 250 (100 units of constant capital and 150 of variable capital) and the surplus value is 250, the profit rate will be 1.

We can point out that this way of exposing this phenomenon also points to a way to understand a paradoxical historical fact, and is that when capitalism becomes consolidated, in a certain period, and despite the fact that in general implies a very considerable leap in efficiency in the transformation of nature, much more favorable than the previous forms of production, the conditions of the workers rather than improving, in fact they become worse. In our example, workers working the same number of hours go from being able to consume one unit of product per hour worked when they acted as simple mercantile workers without the presence of capitalists, to dispose for each hour worked as proletarians of only 0.75 physical units of the commodity. And they have no choice but to sell their labor power.

Table 4

Example of value formation in a market economy in presence of simple mercantile and capitalist agents. The wage takes as the lower limit the purchasing power that would have simple mercantile agents if they produced in the presence of capitalist competition.

							Aggregate salary	Unitary wage	“Real” Unitary wage		Profit rate
	C	V	P	W	PhP	wu	S	su	sur	tvc	g’
Kst	100	150	250	500	1000	0,5	150	0,375	0,75	400	1,000

Let us examine an additional possibility in our example to illustrate a very characteristic development of capitalism and which gives it valuable elements of legitimacy for its reproduction. Let us point out that with our numbers it is possible to arrive at a situation in which the material conditions of the wage-earner can not only be better than those he would obtain if he tried to produce as an independent simple commodity agent in the presence of capitalist competition, but would also be better than which he had when the

capitalists were not on the scene: and yet in this most favorable situation, exploitation may exist and the capitalist can make a profit.

Let us imagine in our example that for some reason (a state regulation, a certain strength of the workers' organization, a relative shortage of labor), the capitalists are willing, or forced, to offer a salary to their workers that allows them to acquire in the market for the unitary wage of a working hour 1.2 units of the commodity. This is an income that surpasses the 0.75 that the workers would obtain if they wanted to compete with the capitalists like simple mercantile agents; and also, it is a sum greater than what they obtained before the presence of capitalist agents, that as it has been seen, was 1. To achieve this, as indicated in Table 5, a unitary salary of 0.6 would have to be paid, which would imply an aggregate wage bill of 240. With this amount as variable capital, the capitalist obtains 160 units of surplus value and a rate of profit of 0.47. As one can see, there is exploitation, but the workers will prefer this situation than to work independently. They will welcome the capitalists and it will not seem to them a positive thing to driven away the entrepreneurs. This gives a very large social force to the capitalists, who do not pass for exploiters, but for generators of employment and wealth.

This, of course, has to do with the greater productivity that the capitalist can have. In our example, where we do not alter the organic composition of capital, this is associated with what Marx calls "cooperation." In capitalist society, entrepreneurs have exclusive control of this characteristic of the work process, given that they have the means to bring together a large number of workers and means of production so they can considerably increase the efficiency of work. But that key condition for making cooperation possible is the one that allows them to seize the surplus that emerges here. In our example, productive efficiency has doubled, ie it has grown by 100%. But in the most favorable situation we have examined, workers have raised their standard of living by only 20%.

Table 5

Example of value formation in a market economy in presence of simple mercantile and capitalist agents. The wage could be greater that any implicit remuneration to labor of the simple commodity agents.

							Aggregate salary	Unitary wage	"Real" Unitary wage		Profit rate
	C	V	P	W	PhP	wu	S	su	sur	tvc	g'
Ksta	100	240	160	500	1000	0,5	240	0,6	1,2	400	0,4706

8. *Coexistence between simple mercantile and capitalist agents*

In what we have discussed so far the relationship of competition between simple mercantile and capitalist agents would imply that their simultaneous existence would be somewhat unstable: capitalist production tends to displace simple commodity production. In their confrontation plays a decisive role the productive efficiency of each one of these modalities of production. Not only does the productive efficiency of capitalist agents tend to be higher, but this difference must be accentuated over time. To the extent that capitalists accumulate, their size increases, and therefore they are more likely to develop cooperation more profoundly and have access to more effective procedures, to take advantage of economies of scale, and so on. Instead the simple mercantile agents produce again and again with a similar size.

This is, without a doubt, the perception of Marx himself. He seems to be convinced that this mechanism condemns simple mercantile production to its disappearance. If this production subsists, as well as other forms of non-capitalist production, it is by simple inertia, and over time the capitalist form of production will be imposed absolutely. His long-term forecasts of the social structure of capitalism consisted of a highly polarized situation in which a small oligarchy of capitalists and a large mass of proletarians existed, while all the “third” classes, peasants, artisans, petty bourgeois, etc., would have been liquidated. This expectation was at the basis of more than one of his political convictions about the transformation of capitalist society.

But as has been pointed out at the outset, this expectation of Marx takes time to come true, and these other classes, far from disappearing, persist, and even their participation in the total grows. Let us look, from the analytical perspective presented here, how this could be examined.

It has been pointed out that for displacement of simple commodity production by capitalist production, it is crucial that the productive efficiency of the latter must be greater than the former. Let us examine the determinants of these relations of relative efficiency of capitalist and simple mercantile agents and their evolution. For this purpose we will use a schematic representation of a mixed market economy, with the participation of capitalist and simple mercantile agents, a formalization that shares the conceptual approach we have outlined in previous pages, but which follows a line of modeling more related to Analytical Marxism. We will summarize the work done by Marcela Ibáñez (1997). To those interested in its broader development we refer to the complete reading of her text. This reflection is based on a simultaneous algebraic analysis. We will keep its notation, which is closer to the neoclassical vocabulary, although its conceptual basis is fully congruent with the categories we have introduced in the previous section.

We call the Total Price of Simple Mercantile Production **TP_{sm}** the amount, in money terms, by which simple commodity agents sell their production. By definition this is equal to their physical output **Ph_{psm}** multiplied by its Unitary Price, that is, the price of each of their

commodities **PU_{sm}**. Although it is not indispensable, for simplicity in analysis, we will assume that simple mercantile agents do not use dead labor or capital (in the neoclassical sense of the term). This means that the total amount of money acquired in the market constitutes what we have called implicit remuneration to labor **i**. If we call **T** the number of hours worked by the simple commodity agent, we will call unitary implicit remuneration to labor **iu** to the **i / T** ratio. The total amount sold corresponds to the unitary implicit remuneration to labor multiplied by the number of hours worked.

$$TP_{sm} = PhP_{sm} \times PU_{sm} = iu \times T$$

So

$$PU_{sm} = \frac{iu \times T}{PhP_{sm}} \quad [1]$$

Let us examine what corresponds to the capitalist agents. The total price of capitalist production **TP_c**, also by definition, is equal to its physical production of commodities **PhP_c** multiplied by the unit price of these goods **PU_c**. On the other hand, this should normally be equal to a sum that equals their increased investment at an average profit rate. Their investment is composed, on the one hand, of a physical quantity of production goods (which neoclassical economics calls physical capital and here will be denoted by **K**) multiplied by the price of these goods, which we will denote **r**. The other part of their investment is the wages they pay, which in turn would consist of the number of hours of work bought **L** multiplied by the unitary wage, which is its price: **su**. This investment must be increased in proportion to the average rate of profit **g'**, ie it must be multiplied by **(1 + g')**.

$$TP_c = PhP_c \times PU_c = [(K \times r) + (su \times L)] \times (1 + g')$$

That is, the unit price of capitalist production would be:

$$PU_c = \frac{[(K \times r) + (su \times L)] \times (1 + g')}{PhP_c} \quad [2]$$

To examine the circumstances in which simple commodity production is not eliminated by competition, let us ask ourselves the following question to be dealt with in this analysis: what circumstance would be required in order that in the production of the same commodity would operate simultaneously simple mercantile and capitalist producers? To

this we could call *conditions of coexistence*.

The first is that the price of the product, which we assume homogeneous, is equal in both sectors. Otherwise all the buyers will emigrate to one sector or another and leave the rest without customers.

$$PU_c = PU_m \quad \text{First condition of coexistence}$$

The second is that the remuneration of workers must be also the same in the two sectors. The unitary wage **su** must be equal to the unitary implicit remuneration to labor **iu**. Otherwise, one or another form of production would be left without workers.

$$su = iu \quad \text{Second condition of coexistence}$$

With these two conditions in force, a third emerges: the productive efficiency of the capitalist agents must be greater than that of simple commodity agents. This is because with the same prices and the same costs of the simple mercantile agents, capitalists need to make a profit. This, that intuitively is clear, is worth analyzing with a simple procedure of algebraic logic to make more visible other aspects.

Let's make some definitions. We will call *capitalist productivity of labor* **Prod_c** to the relationship between the physical production of this sector divided by the amount of labor employed.

$$Prod_c = PhP_c / L$$

The simple commodity productivity of labor **Prod_{sm}** would be the relationship between the physical production of these producers and the labor used in the production.

$$Prod_{sm} = PhP_{sm} / T$$

To the ratio between these two productivities we will call Relative Productivity capital-simple mercantile **Prod_c / ms.**

$$Prod_{c/sm} = \frac{Prod_c}{Prod_{sm}} = \frac{PhP_c / L}{PhP_{sm} / T} \quad [3]$$

If its value is 1, the two sectors have the same productivity. If it is greater than 1, the advantage is for the capitalists, and if it is less than 1 the most effective are simple mercantile agents.

Returning to equations [1] and [2] and remembering that we have equated PU_{sm} and PU_c , we have:

$$PU_c = \frac{[(K \times r) + (su \times L)] \times (1+g')}{PF_c} = PU_{sm} = \frac{iu \times T}{PF_{sm}}$$

Removing PU_c and PU_{sm} and crossing the other terms, we would have:

$$\frac{[(K \times r) + (su \times L)] \times (1+g')}{iu \times T} = \frac{PF_c}{PF_{sm}} \quad [4]$$

Substituting in [3] the physical productions by their equivalents of [4] would have:

$$Prodc/sm. = \frac{\{[(K \times r) + (su \times L)] \times (1+g')\}/L}{(iu \times T)/T}$$

If we also make $su = iu$ and simplify, we will have

$$Prodc/ms. = \frac{[(K/L) \times r + iu] \times (1+g')}{iu} = \{[(K/L) \times r/iu] + 1\} \times (1+g') \quad [5]$$

This equation [5] is interesting in two aspects. The first is that since all elements are positive quantities and if the rate of profit is also positive, then the relative productivity

must be greater than 1. It coincides with the already noted intuition and would be a third condition of coexistence.

$$\text{Prod}_{c/sm} > 1$$

Third condition of coexistence

But on the other hand, in expression [5] we see that the dependent variable $\text{Prod}_{c/sm}$ is a linear function of $(1 + g')$ whose slope would be precisely the remainder of the expression (ie $[(K/L) \times r / i_u] + 1$) which in turn is a magnitude greater than 1. In Figure 1 we have a graphical expression of this scheme. Illustrates the relationship between the relative productivity and the rate of profit $(1 + g')$.

Each axis corresponds to one of these variables. The line of coexistence shows the values that are compatible, under the aforementioned restrictions, with the simultaneous operation of capitalist and simple mercantile agents. It is a straight line whose slope is greater than 45% for the reasons already mentioned in the previous paragraph. The space to the left and up shows values of the relative productivity that favor that the capitalist production displaces the simple mercantile production. The area under the line of coexistence and to the left corresponds to levels of relative productivity in which it is the simple mercantile production that imposes itself.

Figure 1

Coexistence between forms of production, relative productivity and rate of profit

The points represented by **x** illustrate different concrete situations of the economic structure as a whole. But from another perspective, this can be interpreted in a different way: each of these points can represent a branch of the economy. Not all sectors have the same relative productivity between capitalists and simple mercantile agents. This is very important. The capitalists do not have the same productive advantages in the elaboration of the different goods in relation to the independent commodity agents: in some goods and services, whose production is more complex and requires very expensive means of production, their advantage can be very pronounced; in others where known procedures are simpler, their advantage over simple mercantile agents is less. It may even be thought that in the production of some goods and services capitalists have an efficiency comparable with their competitors. There may even be situations in which capitalists are less effective: where not only there are not economies of scale, but there are important costs of coordination and monitoring, where simple mercantile agents do not incur. Therefore, in each moment, with a same level of rate of profit, there will be some branches in which capitalist production will be imposed; others in which capitalists and simple mercantile agents will coexist; and finally others in which the latter are more competitive and will be imposed on the market.

Let us reiterate, because this seems different from what is thought automatically. How can it be possible for a simple commodity agent to be more or equally effective than a capitalist agent in producing? This can happen. (Or that being only a little less productive, the advantage of the capitalists is not enough to guarantee them the average profit).

Let's look at some of these possibilities. Not all productive activities of goods and services have economies of scale pronounced enough to give a decisive advantage to the capitalists. As we have said, there are even activities in which diseconomies of scale exist. Domestic service, small repairs, street vending, among other activities, subsist not by a graceful concession of large entrepreneurs, but because independent workers can offer these services more satisfactorily and at a lower price for consumers. They are more flexible, they can take care of several issues, in extended hours, and actions of very small dimension, that for a great firm would mean high costs in coordination and supervision.

It is true that capitalist entrepreneurs usually seek to improve their productive systems, and their size favors them in that task, since they can devote resources to that; they may eventually benefit from deepening the internal specialization of labor in large firms and may eventually access technical devices that are not justified unless they are operated on a large scale. This is what Marx sensed, and that is really taking place permanently. The upward arrow in the graph points to this trend which can be observed in which the **x** in the figure are continuously moving upwards: capitalist entrepreneurs repeatedly invade these niches once occupied by simple mercantile agents: garment factories have practically liquidated the tailors and dressmakers, the large department stores ruin the small commercial shops, etc.

But there are also important counter-tendencies that do not arise simply from inertial resistances. In the first place, the same technological innovation promoted by capitalist agents sometimes favors simple commodity agents: especially those technical changes that diminish the value of the commodities that simple mercantile agents use as means of production, and in this way increase their productivity. A handmade carpenter of a few decades ago could only use very basic manual instruments such as hammers and saws, since the more advanced tools had costs that were beyond their reach. The access to these devices was exclusive of the capitalists who owned considerable sums of money. But the innovation of capitalist entrepreneurs producing machine tools has boosted and above all, cheapened these instruments: nowadays independent carpenters and cabinetmakers can count on a wide range of electric saws, hydraulic presses, drills, which cost them the equivalent of a few weeks of their income and multiply their efficiency: this allows them to resist better capitalist competition. Not to mention the impact of innovations in the electronics industry, such as the personal computer, that has made this technology accessible to small traders and personal service providers, which greatly increase their productivity. In the cities of peripheral countries, the spectacular price depression of motorcycles, produced by capitalist companies, has not only allowed their use by millions of users as consumption, but has made possible the proliferation of many activities of distribution and transportation offered by simple mercantile agents that previously were inconceivable.

On the other hand, the same capitalist innovations open new branches, invent new products, sometimes with very complex technologies, put into operation links that have those characteristics of low economies of scale, of exceptional flexibility: often, these spaces are occupied by simple mercantile agents. The cellular telephony technique, for example, has given place to the commercial activity of calls offered by simple commodity agents at lower prices and in conditions of opportunity for the consumer that no capitalist company can match. Electronic reproduction procedures have collapsed the capitalist entertainment industry because simple commodity agents can supply the consumer with copies of CDs and DVDs of quality indistinguishable from the originals at a fraction of the price offered by capitalist entrepreneurs, etcetera.

The other trend that becomes clearer in this representation has to do with the rate of profit. In equation [5] and figure 1 it can be seen that to the extent that the rate of profit is higher, it is required that the relative productivity in favor of the capitalists should be more pronounced, if they want to coexist or eventually displace simple commodity production. This may appear counterintuitive, but it has an explanation: as long as capital is relatively scarce, investments will concentrate on those investment opportunities of relatively high profitability and therefore the average rate of profit is high. When there is more capital and the rate of profit, by this same reason and by other structural determinants, is lower, there will be capitalists who are forced to dispute to simple mercantile producers the niches of market dominated by the latter resigning themselves to a narrower rate of profit. If we recall that the structural tendency in capitalism is

precisely the fall in the rate of profit, as Marx's famous analysis points out, this would be an additional determinant in the capitalist economy to decimate the simple mercantile agents. In Figure 1 the horizontal arrow to the left indicates that the tendency of the system is to migrate to the right, since, as Marx explains, there is a downward structural tendency of the rate of profit: this would push towards a tendency to the predominance of capitalist production over simple commodity production.

Another aspect that illustrates very eloquently this representation has to do with the relationship between relative productivity and the wage level in conditions of coexistence. If we look at equation [6] (which is the same equation [5] but substituting iu by its equivalent su), we see the following: when the wage tends to 0, relative productivity tends to infinity in a situation of coexistence. When the wage tends to infinity, relative productivity tends to $(1 + g')$ as shown in Figure 2. As can be seen, and this also seems somewhat paradoxical, it is more difficult for capitalists to displace simple commodity producers when the wage level is low, than when it is high.

$$\text{Prod}_{c/sm} = \{[(K/L) \times r/su] + 1\} \times (1+g') \quad [6]$$

Figure 2

Coexistence between forms of production, relative productivity and wage level

This should be interpreted as follows: the horizontal axis, which illustrates the magnitude of the wage and the implicit remuneration to labor, determines the standard of living considered acceptable, which, as we have seen, is associated precisely with the usual amount of wages and / or the income of simple commodity agents. In the capitalist competition to displace the simple commodity economy, they will find more resistance in circumstances in which independent workers consider that they can survive in an acceptable manner with lower remuneration, compared to a situation in which this reference is higher. This is very pertinent to explain why simple commodity production is much more expanded in countries with lower prevailing income: there are more workers who prefer to escape subjection to the capitalist with a lower alternative income.

9. *Simple commodity economy and unemployment.*

Unemployment, a decisive phenomenon in capitalism, and which is associated with “informality”, has not appeared in the exposition that has been made. I shall now make some observations on this subject.

In the first place, this presentation makes it possible to call into question a very general perception, namely that the existence of simple commodity production is fundamentally an effect of unemployment or a disguised form of it. This is not necessarily true. As we have seen, the survival of simple mercantile agents is sometimes the result that in the competitive confrontation with the capitalists they can be imposed precisely on those branches and links of productive chains in which the relative productivity of the capitalists is not high enough to liquidate independent workers: sometimes the productivity of simple commodity agents is equal to that of capitalists or greater. In fact, in a slightly more complex representation, is possible to configure analytically an eventuality that appears quite widespread in concrete manifestations: some simple mercantile agents are actually better off than if they were employed as proletarians and have incomes higher than many wage earners.

This also allows me to refer to another related issue. In some theoretical elaborations attempting to criticize positivist dualism, much emphasis is placed on the fact that these alternative forms of production are not isolated from capitalist production and it is pointed out that “informal” production is functional to capitalism.

In effect, many mercantile linkages between agents of both types can be detected empirically: street vendors and small traders often distribute large enterprise products or produce goods that are used by capitalist factories, and so on. And this, eventually, with a very low remuneration. Hence it is concluded that especially in the peripheral countries, the capitalists would be interested in the persistence of this backward sector that allows them to have lower costs than if they were operating in central links of the global capitalist chain.

However, the perspective presented here allows us to see another dimension of this

relationship. If in certain circumstances capitalists find convenient the presence of simple commodity agents because the latter supply them with goods and services at lower prices than if they were supplied by capitalists, the truth is that the general tendency of capital is to invade all potential interstices of the economy to extract surplus value from there. Capitalism is like a gas that tends to fill all spaces. And what is observed is precisely its gradual expansion to many niches previously occupied by other forms of production. Where it cannot do it is where the simple commodity agents offer resistance in the market. That is to say, it is a relation not of complementarity, but basically of competition. And this competition is developed by the capitalists incessantly, resorting to all means. One of them is the legal one. A reiterated weapon that the capitalists have is to influence the governmental regulation with the purpose of making more difficult the action of simple mercantile agents. Often indiscriminate health or safety regulations are much more difficult to fulfill by simple commercial agents than by large companies and their ultimate goal is to obstruct the action of the latter.

Returning to the issue of unemployment, he would not exist in our simplified representation: any worker who could not establish a labor bond as an employee could operate as a simple commodity agent. Even if this implies very restrictive assumptions, it sheds light on the following matter: from a certain point of view, simple commodity production can become part of the mechanism of the Industrial Reserve Army. This notion was elaborated by Marx in a context in which he did not contemplate the presence of simple mercantile agents, and therefore restricted it to the “open” unemployed. But in the functioning of the market of labor power the simple commodity agents can also operate in similar ways as the unemployed salaried workers.

In the presentation we have made here, as we have seen, the presence of simple commodity agents is not the automatic result of unemployment. But, in fact, these independent workers can operate as a reserve of labor for the periods of expansion of the labor demand of the capitalists: if the latter increase the amount of wages offered, they can attract at least some of these workers. In periods of contraction, workers expelled from the contingent of proletarians have the option of entering the simple commodity economy, and could remain economically outside the capitalist sphere until the next expansion. This is important because that would reduce the pressure for the employers to create temporary support mechanisms for unemployed, such as unemployment insurance and the like.

This activity would also operate as a wage regulator. In a simple mercantile economy when the demand for commodities is reduced, or for that matter, when there is an influx of new producers that increases the supply of produced goods, the answer is not the same as the capitalist agents. The latter, simply stop investing and generate unemployment. In similar circumstances, simple commodity agents lower prices or sell fewer products and reduces

their implicit remuneration to labor.⁸ In periods of global contraction, even without unemployment, the fall in the implicit remuneration to labor of the simple commodity agents permits the reduction of salaried wages to the proletarians that are working.

But in fact, despite the existence of simple mercantile activities, unemployment is present in the capitalist economy. How to explain it in our terms? The notion that simple mercantile activity has no barriers to entry should be reconsidered. They must be significantly lower than in capitalist production, but they are not non-existent. Although to a much lesser extent than capitalist enterprises, many activities carried out by simple mercantile agents require instruments and raw materials that may not be available to every worker who wants to work independently. In some processes with a prolonged working period, long-term livelihoods should be available. In some tasks in which simple mercantile agents can compete with advantages over capitalists, however, skills are required that not all workers possess, somewhat aggravated by the same process of proletarianization that tends to weaken the specific qualification of wage earners.

This scheme is compatible with the analyzes of Latin American Marxist researchers such as Paul Singer (1979) and Lucio Kowarick (1979), who point out that in Latin American peripheral capitalism, the emergence of such a voluminous relative overpopulation reduces wages to levels that are even below the vital minimum: capitalists can squander the labor force, since their overabundance allows them to ignore their reproduction. In our terms this occurs simultaneously through very restricted levels of wages, low level of the implicit remuneration to the labor of simple commodity agents, a large volume of simple commodity production and high unemployment.

It is also consistent with analysis like Ulpiano Ayala and Nohra Rey (1979) that discuss the conclusion reached by other analysts that the existence in the peripheral capitalism of a large mass of simple commodity agents, necessarily create an additional class, separate of the working class itself, and sometimes opposed to it, a “marginal class”. (The slogan promoted by right-wing ideologues of the existence of a “working aristocracy” that does not allow labor flexibility, preserving the privileges of formal wage earners and to the detriment of “informal” workers). For Ayala and Rey, the very restricted level of wages obliges proletarian households (the household being the reproductive unit of the labor power) to mobilize more money-earning workers by often combining full salaried activities

⁸ This is one of the circumstances that paradoxically make more attractive to the worker the simple commodity economy than proletarianization: the former is more stable, and although in times of hardship his income is reduced he faces with less frequency the catastrophic situation of unemployment that leaves him absolutely without income. This has been accentuated in recent times in which the state regulations and devices that induce stability in the proletarian sector have been eliminated with the so-called “labor flexibility”.

with simple commodity activities (and with activities of pre-mercantile self-supply, such as self-construction of housing). More than a class apart of “marginal”, “informal” or simple commodity agents, what would be consolidated is a “peculiar proletarianization” that interweaves wages and simple commodity production.

10. *The notions of Simple Mercantile Economy, Popular Economy and Informality.*

Let us now turn to the starting point of this reflection: to assimilate simple commodity production to what we have said to be known as “informality”, for some, “popular economy”, for others, and other additional denominations. How reasonable is this reference?

It could be said that the simple mercantile agent only coincides in rigorous terms with the self-employed and isolated worker, and this constitutes only a portion of both the “popular economy” and the “informal sector”. This, of course, is true. In concrete manifestations there are many variants. Here we use simple commodity production as a reference in a certain level of abstraction, which nevertheless allows us to think these phenomena with a certain systematicity and rigor.

Making this initial presentation of dual type a little more complex, although retaining a certain degree of schematism, can be traced a step of intermediate modalities, spectrum in which at one end would be the simple mercantile agent that we could call “pure” and in the other, the capitalist agent.

-In a pole, then the “self-employed” workers who work alone and whose logic would be fully consistent with what has been discussed here.

-Immediately after that could be counted those workers who to reach a minimum level of cooperation articulate other workers, and these collaborators eventually receive a salary or a share in the sale price of the product. In European urban crafts corresponding to the transition from feudalism to capitalism, and on which Marx made some reflections, there were small groups of workers classified in hierarchies: masters, journeymen, apprentices who seem to belong to this scheme. Although the wage contract may exist between them, its logic is different from the capitalist relationship, and is congruent with a situation in which exploitation is absent. The one who hires, works himself, and at its limit, the recognized salary corresponds to the added value contributed by the additional worker. Sometimes, as has been said, this remuneration is given as a share of the sale price. Again, they operate as mercantile agents, but do not pursue accumulation.⁹

⁹ Marx points out, however, that in some cases these master craftsmen evolve into the figure of the small capitalist, while journeymen and apprentices proletarianize themselves.

-The next step in this gradation consists of small units of production, in which the principal agent eventually perceives a surplus, which reaches the magnitude to release him from direct labor: its particularity is that although technically one can speak of exploitation, he does not seek to accumulate. Production is repeated in a similar size and the principal agent seeks a stable standard of living. Marx uses, for analytical purposes, a similar figure which he calls “simple reproduction of capital”, in which the “capitalist”, and perhaps would have to speak in these terms, spends the whole of the surplus as personal consumption.

-It could be said of a later degree of small entrepreneurs who accumulate, but fundamentally for the purpose of surviving in the market, which usually generates demands of enlargement of the size and modernization of the techniques. These agents accumulate, but the end is not the expansion, but the survival.

-Finally would be the agents who are capitalists whose ultimate goal is accumulation and expansion, and that would have different categories.

As one goes from one pole to another, the characteristics of each of them would be more or less accentuated. The definition of a frontier to delimit a sector more linked to simple commodity production would be an operational problem that depends on the analytical or practical purposes that are pursued. And eventually, when one intends to construct representations of concrete situations, it should be taken into account special configurations that eventually involve other forms of production, some of them coming from historical Modes of Production, others that include non market practices, and others that respond to specific determinants. A task similar to the one realized with regard to the production of built environment by the mentioned group of “the forms of production”.

Finally, I highlight some of the advantages that this approach would have with respect to the notion of “informality” circulating in the positivist academic circles and in the international bureaucracy. (Tokman 2001) For the latter, the fundamental criterion of grouping between the two hemispheres, “formal” and “informal”, is a legal and administrative one. Informal agents would be characterized precisely by the transgression of different rules: because they do not pay taxes, because they do not make contributions to the social security system, because they do not respect regulations of different types. To be coherent, it would have to be said that the reflection on this issue would be reduced to addressing the determinants of disrespect to the law: it would be nothing more than a branch of the so-called “Economy of crime”, which neoclassical economics addresses, according to its own postulates, from the calculation of the costs and benefits for the individual agents of the breaking of the law. But the truth is that deep down, this is not so. Nobody think to include in the informal sector large firms that evade taxes, or that circumvent labor laws, or that cheat on the volumes and qualities of the goods they offer, which are legion. In the pragmatic classifications, large firms are excluded, although they transgress the law, and are included small productive units, although no information is

available on their legality. What that reveals is that, in contrast to the explicit statements, what is referred to intuitively is to agents who maintain a heterogeneity in their logic of action in relation with capitalist standards. From our perspective it is evident that the circumvention of certain norms is rather a result of this diversity and not its origin: the informal agents can perform certain evasion practices because their limited size makes their control more difficult and expensive, and the revenues for the taxing agencies can be proportionately smaller. But do not forget that large companies also have advantages in another type of transgressions, not to mention that often, the same rules are tailored to their interests. The perspective that opens with these Marxist categories allows, in our opinion, to approach this heterogeneity from its structural nucleus and not only from its manifestations.

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