

# Value in the era of Imperialism

Engaging with labour theory of value propounded by Marx

An interactive approach to uncovering the secret of the relation of theory and practise



Burning of Paddy Straw in Harayana: Vikas Choudhary in DTE Punjab and Harayan Killer fields

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## Dedication



### Hardeep and the Dialectics of Transformative politics

My first exposure to Hardeep was indirect  
 The hours he and Rajesh talked to each other  
 Dealing with philosophical questions that had long been answered.  
 That was the first time I realised the turmoil in my mind was not new  
 Many had been down that path  
 And found answers too.  
 Study class soon set up.  
 Hardeep's way of getting to the heart  
 One I admired  
 And then presentation on Das Kapital I made.  
 Hardeep was estatic  
 Could somebody explain it so simply  
 Gave me heart  
 Then Hardeep turned to Hegel  
 And Lenin on how communists had failed to understand him.  
 And when I thought I did  
 The 11 Theses of Feurbach came to haunt me for a while  
 Not long though as it settled that conciousness related to experience and actions undertaken  
 by individuals  
 So Hardeep changed my life forever.  
 A thing I do not regret  
 Could not lock myself up in a room for hours like he did  
 As learning from people and relating to books my way.  
 Farewell Hardeep  
 Your advice to be like the white ant  
 Making Capitalism hollow will stay with me  
 This unfinished task is now ours to complete  
 As exploitation we will defeat.

**Viren Lobo**

## **From Dr Chaitanya Dev Sharma**

He was one of my closest friends, residing in the deepest recesses of my heart.

Probably the only person with whom I talked for more than an hour nearly once every 2-3 weeks for the last many decades.

For lengthier discourses they used to come to Gohana so that my patients don't suffer. No less often I visited his home in Delhi on Sundays for whetting my theoretical appetite.

He came to enlighten our study circle members at the first call and instance without any reservation.

Probably, besides Prof. Bhaseen, he was the only person in my life with whom I could have very minute, in depth and rigorous discussion on every subject ranging from Political Economy to Sociology to Philosophy.

A man simpler than myself. He had minimal needs. He had to be asked twice for a cup of tea even.

He will remain one with me till.....

May he Live Long!!

**BACKGROUND:**

In recent discussions at Gohana on 2<sup>nd</sup> September 2023, Marx's theory of value was discussed in the study class. Participants were then exposed to some propositions that took place after this seminal work of Marx had been completed.

**Proposition 1:**

The value of Re to the Dollar\*

<https://dailybulls.in/usd-inr-historical-exchange-rates/>

<https://www.bankbazaar.com/gold-rate/gold-rate-trend-in-india.html>

| Year | \$ to ₹        | Gold price 24 carat 10 grams | Gold price per troy ounce in \$ |
|------|----------------|------------------------------|---------------------------------|
| 1900 | \$ 1 = ₹ 0/24  |                              | 18.96                           |
| 1914 | \$ 1 = ₹ 0.32  |                              | 18.99                           |
| 1921 | \$ 1 = ₹ 0.17  |                              | 20.58                           |
| 1922 | \$ 1 = ₹ 0.16  |                              |                                 |
| 1925 | \$ 1 = ₹ 0.16  | ₹ 18.75                      |                                 |
| 1935 | \$ 1 = ₹ 0.15  |                              |                                 |
| 1947 | \$ 1 = ₹ 1     | ₹ 88.67                      | 34.71                           |
| 1948 | \$ 1 = ₹ 3.31  |                              |                                 |
| 1980 | \$ 1 = ₹ 7.86  | ₹ 1,330                      | 616                             |
| 1988 | \$ 1 = ₹ 16.86 | ₹ 3,130                      | 437                             |
| 1991 | \$ 1 = ₹ 22.74 | ₹ 3,466                      | 362.11                          |
| 1992 | \$ 1 = ₹ 31.37 | ₹ 4,334                      | 342.82                          |
| 2014 |                |                              | 1,250.74                        |
| 2023 | \$ 1 = ₹ 83.05 | ₹ 61,080                     |                                 |

Upto 1947 there seems to be some relation between the gold price in India and price of Gold. That does not seem to hold for the International price of Gold and the exchange rate with the \$. Later, both the International price of Gold and the exchange rate with the \$ have no relation with the value of the ₹.

<https://www.economicdiscussion.net/india/history-of-prices-in-india-during-different-periods/21260>

<https://www.usinflationcalculator.com/inflation/historical-inflation-rates/>

<https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>

<https://www.macrotrends.net/1369/crude-oil-price-history-chart>

<https://data.gov.in/resource/year-wise-average-prices-indian-basket-crude-oil-2014-15-2022-23-0>

### **Proposition 2:**

NPV of Forest land today is say: ₹ 20 lakhs/ Ha

Value of degraded land in urban areas: ₹ 8crores/Ha conservative even upto ₹100 crores

### **Proposition 3:**

Leading Economists of this country propounded that since labour is cheap in India, our surplus agricultural produce would sell on the International market. They forgot that Indian population was 20% so when surplus production was there the price fell and when there was shortfall prices rose astronomically in the Indian market.

If we examine Marxian concept of value related to Socially Useful Productive Labour, it was working all right. So what happened?

### **Value and Price are they the same? Where does exchange rate come in?**

Value relates to the units of labour present in a commodity. In a situation where machines can produce the same product in this case grain with less labour, the value will be determined by the lowest units prevalent in the commodity provided all units can be produced with that amount of labour. If not the value will be determined by that unit of labour where all demand is fulfilled.

### **Proposition 1**

American farmers having an average of say 1000 acres of land using machines produce say 1000 tons of grain. An Indian farmer with an average of say 3 acres of land produces say 3 tons of grain (assuming equal productivity rate for now). Since labour value in both is the same. The value of labour of the Indian farmer is 1/333 that of the American farmer. So if Indian farmer earns ₹ 10,000 for his produce the American farmer earns ₹ 3 crores 33 lakh. These figures are not exact and do not take into account cost of production and assumes equal productivity levels (The assumption of average size is notional figure for both but assuming the following 2% in agriculture in America as against 60% in India, 3 times the land size and 1/4 the population so  $30 \times 3 \times 4 =$  American farmers have 360 times the average size of Indian farms). Nevertheless it does happen to partly explain the way the values of the ₹ and the \$ have changed over the 125 years that we are examining.

### **Proposition 2:**

There is only 2% engaged in agriculture in America as against over 60% in India Very well says the Indian Government, let us increase mechanisation in agriculture, promote urbanisation. Improve productivity too. What will happen?

Historically the developed countries fueled their development by importing raw materials and exporting finished goods, expanding manufacturing opportunities and absorbing 'surplus low productivity labour from agriculture into industry. This is a simplification as its manifestation in different countries is different. In India, the situation is different. Agriculture has subsidised

the growth of industry in this country. Every development project brought in its wake displacement for the local communities with the tribals hit the maximum due to the coterminus of forest and tribal lands being the basis Coal, hydroelectric power and iron the basis for electricity production, construction and manufacturing. Currently the green revolution has resulted in the irrigated areas of Punjab, Haryana, North West Rajasthan, Godavari- Krishna basin producing the food grains (rice/wheat) required to feed the country. So we have a scenario where farmers (the majority of the population) are dependent on the PDS system (which was created primarily to feed the industrial labour population) and 'Industrial farmers' dependant on MSP and guaranteed government procurement. In the highly competitive industrial markets, Indian industry developed post Independence by protective walls and tariff barriers.

Why the dismantling now? Industrial labour force being replaced by automated factories employing a fraction of the labour force it needed earlier. Wages for this limited force can be jacked up, so need for the cheap PDS grain to supply this labour force. In addition given the crisis of markets, controlling basics like food supply, health services, education provides a ready market for basic necessities.

Easy to understand what will happen to the vast majority. Cheaper for the political parties in the service of these Corporates to employ goons to create riots etc than to ensure the minimum protective net for dignified living and healthy employment opportunities.

### **Proposition 3:**

On the question of how the exchange rate rapidly declined.

Some aspects

- a. The pumping of money into the economy (notes and reduction of the Capital Reserve Ratio with banks.
- b. Speculative value of gold/ land and declining value of the monetary economy as a result.
- c. Flooding of the Indian market with imports putting pressure on the exchange rate of the ₹.

In the era of monopoly, the following aspects start featuring in the economic sphere

- a. While law of maximum profit applies, there is a situation of diminishing returns to Capital, monopoly Capital tries to stave this off by resorting to curtailment of production and capturing market share. Increasing market restrictions on entry of new players, environment conditionality etc are part of this process. If production is X, market is sought to be restricted to .8 X, however condition of increased Capitalization exists (in name of environment, reduction of child labour, organic/ carbon neutral certification etc.) If share was say .3X, in new condition the attempt would be to capture say 0.5 X and dictate the price of the commodity.
- b. The other is to capture the market for essential commodities and services like water, electricity, medicine, education. State provision of these services degraded/dismantled slowly and private services put in their place. Contractual appointments provided to beat down the

price of less skilled labour and increased cost of education/ restriction in entry to high paying/ secure job market.

c. What is observed within the country can also be seen in bargaining and approach of Imperialist countries using multiple approaches to corner a space for Corporates having their origin in the Imperialist country.

Some other aspects related to the transformations in the economic sphere

a. Dismantling of the barter economy and establishment of the cash economy. It's interface with the global economy on one hand and undermining of the local production systems.

b. Production for exchange and not use value.

c. The role of the State in the promotion of Capitalism/ Corporate power.

## Comments

a. Marxist concept of value is being confused with value in general.

b. Except perhaps for the issues related to exchange rates, all aspects have been covered in detail by Marx.

c. The preliminary propositions put in relation to currency indicate that even this has mostly been explained by Marx.

At a study class in SUCI, Comrade Prasad had given indication of how the US manipulated the IMF/ World Bank to devalue currencies in a situation where US debt to China had crossed \$ 3 trillion. In the same class Comrade Prasad explained how the price of Russian Oil had been undermined. Russian oil is produced very cheaply so preventing Russia from dominating the oil markets and earning super profits is of essence. There is some connection between this, the cornering of Russia by Nato expansionism and the Ukraine war. So this too has an explanation.

## Observations

It is not for nothing that the name of Marxism has been given. As pointed out by Engels as early as he had written the conditions of the working class in England, Marx had already unfolded the fundamental propositions of Capital.

In the specific context of India where in the name of Marxism many parties exist with their own characterization of the Indian State and what needs to be done, we in ABMKSS feel the need to take a fresh look at developments with an idea to see how theory can enlighten us. Accordingly the study being done by Tarun Kanti Bose looks at development in Haryana since the first war of Independence in 1857, superimposes the British crackdown and some of the later developments in the State. Haryana for instance had a number of women bring in World Championship Gold medals and Olympic medals. Yet conditions of the women in Haryana are among the worst in the country. Why? Issues relating to Dalits fare no better.

Considering that Comrade CD Sharma has been conducting classes on the Marxist classics in Haryana for the past 20 years without a break and Comrade Sunita Tyagi has been at the forefront in mobilizing women and farmers in and around Gohana, it was only natural that ABMKSS sought their help to give this study shape. We trust that this unique combination of theory and practice would help unfold a process that can deal with not just the economic propositions talked about here but also in the process uncover the threads that can help defeat the forces of fascism in the country.

### **Now for some further propositions**

#### **Proposition 1: Need to give economic value to the destruction of natural resources**

Economic valuation of Natural Resources has been introduced as a way to deal with destruction of Natural resources

<https://core.ac.uk/download/pdf/19658769.pdf>

<https://nap.nationalacademies.org/read/4844/chapter/2#12>

<https://www.fao.org/3/X5318E/x5318e06.htm>

The valuation of Natural resources outside of the labour theory of value came as a result of the large scale destruction of natural resources through the working of Capital. It does not obviate the labour theory of value propounded by Marx. Rather strengthens it.

The dilemma faced in the economic valuation of Natural resources cannot be resolved without taking into account labour theory on one hand. Cost to society on the other. Who benefits, who pays? Social Impact Assessment and Environmental Impact Assessment cannot find true realisation in Capitalism, where human labour/ life are traded as a commodity on the market place.

#### **Proposition 2: From Gold as the measure of value of currency to the Dollar and now what?**

Considering that gold contained a large amount of labour per unit weight, it began to be used as a standard measure of value. Even when paper currency got introduced, gold reserves in the bank back the paper currency. Technological advancements and new discovery of gold reserves showed that this also resulted in the fluctuation in the value of gold and hence currencies as well. Initially the US used its economic power to get the \$ recognised as the reserve currency by backing it up with gold at a fixed price but the Oil Cartel of the Middle East jacked up the prices of Oil to such an extent that US gold reserves would not be sufficient to cover the demand. Hence overnight the \$ was delinked from gold yet continued to be the reserve currency along with some other currencies namely British Pound, Euro, Yuan and the Japanese Yen in addition Special Drawing Rights (SDRs) under the International Monetary Fund was introduced. Till now the \$ was the dominant currency. However considering how this dependence on the \$ affects other countries there were calls to increase the scope of the SDRs and increase the operation of other currencies as the Reserve Currency.

<https://www.imf.org/en/Blogs/Articles/2022/06/01/blog-dollar-dominance-and-the-rise-of-nontraditional-reserve-currencies>



### **Proposition 3: The Military Industrial Complex and the merchants of war:**

World Wars 1 and 2 were fought for division and re-division of territory among the Imperialist Nations. During World War 1, due to correct analysis of nature of war by Lenin, the Soviet Union was created. After World War 2, almost half the world became Socialist. Yet war is a necessity for survival of Capitalism and Capitalist markets. Proxy wars took their place.

<https://watson.brown.edu/costsofwar/costs/economic#:~:text=This%20borrowing%20has%20raised%20the,also%20be%20future%20interest%20payments.>

<https://watson.brown.edu/costsofwar/papers/2021/ProfitsOfWar#:~:text=A%20large%20portion%20of%20these,%2C%20Raytheon%2C%20and%20Northrop%20Grumman.>

<https://www.usatoday.com/story/money/business/2013/03/10/10-companies-profiting-most-from-war/1970997/>

<https://economictimes.indiatimes.com/news/international/world-news/european-officials-accuse-usa-of-making-profits-from-ukraine-war/articleshow/96322781.cms>

<https://www.globaltimes.cn/page/202203/1253787.shtml>

<https://indianexpress.com/article/opinion/columns/are-power-and-humanity-fundamentally-incompatible-9014929/>

<https://gija.georgetown.edu/2023/06/02/chinas-increasing-role-in-the-middle-east-implications-for-regional-and-international-dynamics/>

<https://www.macrotrends.net/stocks/charts/LMT/lockheed-martin/stock-price-history>

### **Unpaid work women bear the brunt:**

<https://www.bps.org.uk/research-digest/women-bear-brunt-unpaid-labour-and-it-may-be-affecting-their-mental-health>

<https://melindawmoyer.substack.com/p/why-women-bear-so-much-of-the-domestic>

<https://fox59.com/news/national-world/women-without-college-degrees-to-bear-brunt-of-future-job-losses-report/>

[http://www.ipcs.org/issue\\_select.php?recNo=533](http://www.ipcs.org/issue_select.php?recNo=533)

<https://article-14.com/post/a-year-since-the-long-walk-women-bear-the-brunt>

### **What is to be done?**

Considering the large amount of unpaid labour and the current trend to promote enterprises as a way to obviate the necessity of the State to provide employment for all, a fundamental question posed by ABMKSS is why should unpaid labour work for Capital ? Production of more Capital that will in the longer run, dispossess labour of the fruits of their own labour.

How can this come about ? Various threads exist on the market place. In the concrete context of India, Vikalp Sangam points out that the sum of these dots add up <https://vikalpsangam.org/>

On the forest rights google group, CR Bijoy has proposed a political outlook for tribal communities to which ABMKSS has responded with its own suggestions to link these up to other struggles taking place. Tarun book marginalised but not defeated:

<https://www.amazon.in/Marginalised-Defeated-Tarun-Kanti-Bose/dp/8195408370#:~:text=Marginalised%20But%20Not%20Defeated%20is,and%20repression%20they%20have%20faced.>

Written on behalf of ABMKSS this book tries to examine the natural linkages between five struggling communities namely tribals, pastoralists, small and traditional fishers, small and marginal farmers and wage labour originating from the village. The current study on Haryana is a sequel to this book as upfront ABMKSS is now trying to examine how Capitalism has developed its imprint on Haryana.

This paper aims at a dialectical engagement with the reader and with struggle groups across the country. Our small contribution to turning the tables on Capitalist exploitation and with it the degradation of human beings and environment to serve the insatiable appetite for maximum profit.