

Benjamin Franklin, Karl Marx, and the Labor Theory of Value

MARXISTS have long looked with interest upon the "Founding Fathers" for reasons not difficult to understand. The "Founding Fathers" led a successful revolution, and much of their analysis of their society has been found compatible by Marxists, even though not stated in their own terms. In the thought of the Revolutionary leaders one can find elements of the three basic principles of Marxism: an acceptance of a class society and class antagonisms, though certainly not the class struggle in the Marxist sense; the materialistic conception of history; and the labor theory of value.¹ The "celebrated Franklin" is one of those whom Marx and Marxists admire as part of the intellectual tradition of thinkers who made a contribution to the development of Marxism.²

Franklin is and has been many things to many people—scientist, educator, inventor, demographer, political theorist, and even an immoral hypocrite and apologist for budding capitalism.³ But to Karl

¹ Madison, Franklin, and Jefferson, among others, have come in for favorable attention from Marxists. Daniel DeLeon, a leading American Marxist and leading figure in the strictly Marxist Socialist Labor Party, found the materialistic elements in the Madison of the Tenth *Federalist* before Beard popularized him. DeLeon summed up the Marxist view of the Fathers and Madison in particular when he wrote: "a study of the works left to us by Revolutionary Fathers reveals . . . that they were not the visionary beings their well-meaning admirers would make them, but indeed the giant intellects Pitt pronounced them to be. Peculiarly interesting among these statesmen on the social conditions of their days, and the future problems with which they thought the people would come to be confronted was James Madison, whom to study is to revere." "The Voice of Madison," *Nationalist*, I (August, 1889), 120. Jefferson, Patrick Henry, and especially Franklin come in for praise by Soviet historians such as A. A. Fursenko in his *The American Bourgeois Revolution in the 18th Century* (Moscow, 1960). General Soviet encyclopaedias are also generous in their praise of Revolutionary leaders.

² Fredrick Engels, ed., Samuel Moore and Edward Aveling, trs., *Marx, Capital* (Chicago, 1918), I, 59 n.

³ Charles L. Sanford, ed., "Benjamin Franklin and the American Character," *Problems in American Civilization, Amherst Series* (Boston, 1955), gives a selection of the views of some of the more important interpreters of Franklin. Also see the many articles on Franklin in the *Pennsylvania Magazine of History and Biography*.

Marx he was a perceptive economist who contributed to the fundamental economic concepts developed by Marx, especially the concept of labor as the measure of commodity value, the labor theory of value to non-Marxists. For Marxists, Franklin's contribution goes beyond merely making the theory "understandable to his Pennsylvania readers."⁴

It is Franklin's contribution to the historical development of Marx's "Law of Value" we seek to examine here. Marx defined that law as "the value of each commodity is determined by the quantity of labour expended on and materialised in it, by the working-time necessary, under given social conditions, for its production."⁵ One of the fundamental principles of Marxism, this "Law of Value" is not only at the center of Marx's economic thought but is also the moral justification for the expropriation of capital by the working class. In short, there would be no Marxism without his "Law of Value." Consequently, anyone contributing to this concept is given careful consideration and praise by Marxists, and especially so if Marx himself praised the contributor.

There are four aspects of the labor theory of value that Franklin presented and which Marx thought worthy of using in presenting his own development of the concept of value: first, the nature of trade in terms of labor value; second, the nature of labor as a source of value; third, the effect of increases in the supply of gold and silver on value; and fourth, and most important, the abstraction of labor as the measure of all value.⁶

⁴ Leonard W. Labaree and Whitfield Bell, eds., *The Papers of Benjamin Franklin* (New Haven, 1959-), I, 141, hereinafter cited as *Franklin Papers*.

⁵ Marx, *Capital*, I, 208.

⁶ William A. Wetzel, in "Benjamin Franklin as An Economist," *Johns Hopkins University Studies* (Baltimore, 1895), XIII, 448-449, pointed out that Franklin took part of his labor theory of value from Sir William Petty, a seventeenth-century English economist and demographer, without giving credit. Charles H. Hull, ed., *The Economic Writings of Sir William Petty* (Cambridge, 1899), I, 43, 50-51. The idea, however, did not originate with Petty who put brackets, which were used in the seventeenth century instead of quotes, around the phrase "Labour is the Father and active principle of Wealth, as Lands are the Mother" (I, 68). Petty rephrases this idea elsewhere (II, 377-378). The concept was ancient (editor's notes, I, lxxi). Marx was well aware of William Petty's ideas—N. I. Stone, tr., *A Contribution to the Critique of Political Economy* (Chicago, 1904), I, 32, 165, 172-173; Marx, *Capital*, I, 59 *passim*—but he still chose to devote more attention and praise to Franklin's presentation of it largely because Petty, in the larger context of his writings, did not fully grasp the concept as did Franklin, at least for Marx.

Franklin presented the first point, the nature of trade in terms of labor value, very clearly in *A Modest Enquiry into the Nature and Necessity of a Paper-Currency*, written during the paper money debate in Pennsylvania in the late 1720's.⁷ It is primarily that part of the essay in which he asks, "Whether a large Addition to our Paper Currency will not make it sink in Value very much"⁸ that Franklin centered upon the relation between trade and labor value. He opened this section by discussing the difficulty involved in a barter system for carrying on "*Commerce*, or the Exchange of one Commodity or Manufacture for another."⁹ But barter is awkward and "To remedy such Inconveniences, and facilitate Exchange, Men have invented MONEY, properly called a Medium of Exchange, because through or by its Means Labour is exchanged for Labour, or one Commodity for another."¹⁰ He also pointed out the advantages of money in commercial transactions and of gold and silver as a medium of exchange. Then, continuing the discussion of trade and the nature of value behind commodities and money, he commented, "as Silver it self is of no certain permanent Value, being worth more or less according to its Scarcity or Plenty, therefore it seems requisite to fix upon Something else, more proper to be made a *Measure of Values*, and this I take to be Labour."¹¹

In short, when supply equals demand so that one cancels the other, the question becomes, What is the value of silver as a medium of exchange or a commodity? For Franklin, silver had value because of the value of the labor necessary to make silver into a medium of exchange or a commodity. He summarized the nature of trade as an

⁷ Franklin's reason for writing the essay, he recalled in his *Autobiography*, was the contrast in economic conditions between 1723 and 1729. On his arrival in Philadelphia that Sunday morning in October, 1723, as a tired and dirty seventeen-year-old boy, he had wandered the area about the Market Street wharf. At the time he had noticed many deserted buildings with "To be let" signs on them and he thought the "inhabitants of the city were deserting it one after another." Six years later, he saw prosperity in the same area and attributed it to the paper money issued in 1723. The issue of paper money so excited him that he "Wrote and printed an anonymous pamphlet on it, entitled, *The Nature and Necessity of a Paper Currency*." Carl Van Doren, ed., *Benjamin Franklin's Autobiographical Writings* (New York, 1945), 263-264.

⁸ *Franklin Papers*, I, 148.

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ *Ibid.*, 149.

exchange of labor by making the statement that impressed Karl Marx: "Trade in general being nothing else but the Exchange of Labour for Labour, the Value of All Things is . . . most justly measured by Labour."¹²

Turning from Franklin's treatment of trade as basically an exchange of labor value to Karl Marx's treatment of the same idea, we can see an obvious parallel. Marx talking of international trade wrote that by trade "You exchange a certain amount of your national products, in which a certain amount of your national labour is crystallised, for the produce of the gold and silver producing countries, in which a certain quantity of *their* labour is crystallised."¹³ So gold and silver become the expression of the value of commodities, "that is the respective quantities of labour bestowed upon them."¹⁴ Marx, still paralleling Franklin, continued, "if I say a quarter of wheat exchanges with iron in a certain proportion, or the value of a quarter of wheat is expressed in a certain amount of iron, I say that the value of wheat and its equivalent in iron are equal *to some third thing*, which is neither wheat nor iron."¹⁵ Marx stated clearly that "the *value of labour is the general measure of value*."¹⁶ As a tribute to Franklin, Marx summarized this idea of trade as an exchange of labor by quoting Franklin: "Trade in general, being nothing else but the exchange of labour for labour, the value of all things is . . . most justly measured by labour."¹⁷

Taking up the second point, the nature of labor as a source of value, we again come back to Franklin who wrote:

By Labour may the Value of Silver be measured as well as other Things. As, Suppose one Man employed to raise Corn, while another is digging and refining Silver; at the Year's End, or at any other Period of Time, the compleat Produce of Corn, and that of Silver, are the natural Price of each other; and if one be twenty Bushels, and the other twenty Ounces, then an Ounce of that Silver is worth the Labour of raising a Bushel of that Corn.¹⁸

¹² *Ibid.*, 150.

¹³ Eleanor Marx Aveling, ed., Marx, *Value, Price and Profit* (New York, 1935), 35.

¹⁴ *Ibid.*

¹⁵ *Ibid.*, 30. A quarter is equal to eight bushels.

¹⁶ *Ibid.*, 28.

¹⁷ Marx, *Capital*, I, 59 n.

¹⁸ *Franklin Papers*, I, 149; cf. Petty, *Economic Writings*, I, 50-51.

On this same point of comparison, Marx again quoted Franklin, saying: "I resort to the example because it was used by Benjamin Franklin in the first essay published in 1721, and entitled: *A Modest Enquiry into the Nature and Necessity of Paper Currency*."¹⁹

Turning now to Franklin's discussion of the third point in his labor theory of value, the effect of increases in the supply of silver on labor value, he wrote:

Now if by the Discovery of some nearer, more easy or plentiful Mines a Man may get Forty Ounces of Silver as easily as formerly he did Twenty, and the same Labour is still required to raise Twenty Bushels of Corn, the Two Ounces of Silver will be worth no more than the same Labour of raising One Bushel of Corn, and that Bushel of Corn will be as cheap at two Ounces, as it was before at one. . . .²⁰

Franklin thus far has attempted to demonstrate that silver, as a medium of exchange, has value only in relation to labor. He emphasized this point, in contrast to the prevailing popular idea of mercantilism, by saying that a country's wealth is dependent upon "the Quantity of Labour its Inhabitants are able to purchase" and not the quantity of silver and gold it possesses "which will purchase more or less Labour, and therefore is more or less valuable . . . according to its Scarcity and Plenty."²¹ He wrote further of the effect of increases in the supply of gold and silver:

As those Metals have grown much more plentiful in Europe since the Discovery of America, so they have sunk in Value exceedingly; for, to instance England, formerly one Penny of Silver was worth a Days Labour, but now it is hardly worth the sixth Part of a Days Labour; because not less than Six-pence will purchase the Labour of a Man for a Day in any Part of that Kingdom; which is wholly to be attributed to the much greater Plenty of Money now in England than formerly. And yet perhaps England is in Effect no richer now then at that Time; because as much Labour might be purchas'd or Work got done of almost any kind for £100 then, as will now require or is now worth £600.²²

¹⁹ Marx, *Value, Price and Profit*, 31. The correct date of this essay is 1729. *Franklin Papers*, I, 139.

²⁰ *Ibid.*, 149; cf. Petty, *Economic Writings*, I, 50-51.

²¹ *Franklin Papers*, I, 149.

²² *Ibid.*, 149-151; cf. Petty, *Economic Writings*, I, 50-51.

Marx, commenting on this point of the effects of increases in the supply of gold and silver on labor value, wrote:

By the discovery of more fertile mines and so forth two ounces of gold might, for example, cost no more labour to produce than one ounce did before. The *value* of gold would then be depreciated by one half, or fifty per cent. As the *values* of all other commodities would then be expressed in twice their former *money prices*, so also the same with the *value of labour*. Twelve hours of labour, formerly expressed in six shillings, would now be expressed in twelve shillings. If the working man's wages should remain three shillings, instead of rising to six shillings, the *money price of his labour* would only be equal to *half the value of his labour*. . . .²³

The fourth point, the abstraction of labor as a measure of all value, Marx saw as Franklin's most important contribution to the development of the idea of labor as value. Marx found the idea of the abstraction of labor as the measure of all value in two of Franklin's statements already quoted: "it seems requisite to fix upon Something else, more proper to be made a Measure of Values; and this I take to be Labour," and the second, "By Labour may the Value of Silver be measured as well as other Things. As, Suppose one Man employed to raise Corn, while another is digging and refining Silver."²⁴ Here, Franklin equates one kind of labor to another, raising corn and digging and refining silver. By so equating one kind of labor to another, he abstracted labor to make it the measure of value for "All Things."

In his analysis of these statements, Marx commented: "The celebrated Franklin . . . makes abstraction from any difference in the sorts of labour. . . . He speaks first of 'the one labour' and then 'the other labour' and finally of 'labour' without further qualification, as the substance of the value of everything."²⁵ Marx pointed out that "Franklin meant that the value of shoes, mining products, yarn, paintings etc., is determined by abstract labour which possesses no particular qualities and can, therefore, be measured only quantitatively."²⁶ This is the heart of Marx's "Law of Value," a point he attributed to Franklin, and the last of the points of comparison

²³ Marx, *Value, Price and Profit*, 52.

²⁴ See notes 11 and 18.

²⁵ Marx, *Capital*, I, 59 n.

²⁶ *A Contribution to the Critique of Political Economy*, 63.

dealing with those aspects of Franklin's labor theory of value which Marx used in presenting the development of his "Law of Value."

It can not be said with finality that Marx got his "Law of Value" from Franklin, but he did place Franklin among those thinkers who contributed understanding to the true nature of value and especially the abstraction of labor. And Marx did borrow examples and terminology from him. Furthermore, Marx did not claim to be the originator of labor as value, as his historical treatment of it indicates. And while Marx went far beyond Franklin, devoting his life to the development and integration of his "Law of Value" into a philosophical system, the basic elements of his concept of value as labor are evident in Franklin. Marx summarized Franklin's contribution to the development of his "Law of Value" in these words:

The first sensible analysis of exchange value as labor-time, made so clear as to seem almost commonplace, is to be found in the work of a man of the New World where the bourgeois relations of production imported together with their representatives sprouted rapidly in a soil which made up its lack of historical tradition with a surplus of humus. That man was BENJAMIN FRANKLIN, who formulated the fundamental law of modern political economy in his first work which he wrote when a mere youth.²⁷

Obviously, Franklin holds a significant place in the Marxist intellectual tradition and is greatly respected by Marxists.

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²⁷ *Ibid.*, 62.