

On the Obsolescence of the Marxian Theory of Value: A Critical Review

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Until recently, to assert at the same time adhesion to the Marxian paradigm and rejection of the labour theory of value would have been considered blasphemy. A pathbreaking iconoclast in this respect was Joan Robinson, although she did not really speak from within Marxism. For her, value was a blatantly metaphysical concept with no operational content.

'No point of substance in Marx's argument depends upon the labour theory of value. Voltaire remarked that it is possible to kill a flock of sheep by witchcraft if you give them plenty of arsenic at the same time. The sheep, in this figure, may well stand for the complacent apologists of capitalism; Marx's penetrating insight and bitter hatred of oppression supply the arsenic, while the labour theory of value provides the incantations' (1966:22).

Nowadays this view is gaining strength and is defended by many of the brightest young left economists. Sign of success, they have their own label: Sraffian Marxists. This review article is concerned with a new publication within this tendency: Lippi's *Value and Naturalism*. It could well join Steedman's *Marx after Sraffa* as a seminal piece in the assault on the Marxian theory of value, from within Marxism. Lippi's thesis is exactly the same as Robinson's: the labour theory of value is both untenable and unnecessary, and should thus be abandoned.

Taken separately Lippi's arguments are not really new. Nevertheless, his book gives an impression of strength and conviction, which I would attribute to the author's single-mindedness. All his arguments centre around one objective: to demonstrate the obsolescence of the Marxian theory of value. The result is a well-argued and challenging plea. Undoubtedly, Lippi feels that he has advanced unanswerable arguments which conclude the debate. For him, only 'obscurantists' can still defend this theory... Although I do not share his thesis, I consider his book an interesting and solidly constructed work. In discussion of it, I will first expound Lippi's views in more detail and then present my criticisms. To this end, I shall discuss first the

premises of Lippi's analysis and, second, those points in Marxian value theory which are in his eyes, inconsistent: namely the transformation problem and the relationship between value and unproductive labour.

According to Lippi, the Marxian theory of value is epitomized in the following, more or less equivalent, propositions: value is nothing but labour; labour is the only source of value; labour is the only real social cost. This definition of value as embodied labour is called the law of value:

'The content of the law: namely the measurement of products by the quantity of labour required to produce them' (Lippi 1980: 131).

According to Lippi, these principles stem from a source which is best expressed in Marx's well known letter to Kugelmann. There, he holds, Marx derives the identification between value and embodied labour from a universal principle, which transcends capitalism and logically precedes the specific theory of commodity exchange. The foundation of value in the latter is just an application of the general principle. In Lippi's terms:

'Labour as a measure of difficulties that must be overcome, as *real social costs*, is the "immanent measure" of the product, whatever the historical mode of production (. . .). Value is merely the *form* assumed by real cost when the objects in question are commodities, products to be exchanged' (1980: XVI).

Marx's scientific project consists then in demonstrating that labour is the sole source of value. Such a task was felt necessary since prices do not, in fact, mirror value directly. On the contrary, evidence suggests the opposite. To defend the law of value, it therefore becomes indispensable to indicate precisely how actual exchange-ratios can be reduced to labour.

The attempt to drive a particular law (in a commodity system, value is the sole real cost) from a universal law (whatever the mode of production, labour is the sole real cost) is what Lippi calls 'naturalism', a term which has a definite pejorative connotation. For him, this derivation is nothing but a pre-analytical observation. But, although condemnation of Marx's naturalism is a recurrent theme, Lippi does not analyse the notion in depth. Rather he attacks a more limited point, namely the possibility of operating this reduction from labour to actual exchange-ratios. A crucial assumption here is what can be called the 'conservation assumption': the sum total of embodied labour as well as that of surplus-value does not change during the redistribution which the reduction implies.

Behind the facades of prices, Marx held, labour is the only real cost; even more important, profit is nothing but the superficial manifestation of surplus-value, and therefore of surplus labour. In other words, the aim of Marx's approach is to reduce to embodied labour various magnitudes that are generally not proportional to quantities of embodied labour. This reduction cannot be arbitrary, but must be consistent with the distinction between the *production* of value and surplus-value and a (logically) subsequent redistribution of surplus-value among capitalists and between capitalists and landowners. But there is only one legitimate way to make the distinction between the production and distribution of value and surplus-value: it must be argued that prices can be derived from values by the means of the transfer from some commodities to others of part of the labour expended in total production. The conser-

vation of total quantities of labour expended, far from being an expedient of minor importance (as many have tended to believe) occupies a central role in Marx's theoretical construction' (1980: XVIII).

If it can be shown that the conservation assumption is untenable, the theory of value collapses. According to Lippi, this is precisely what happens. He detects at least two inconsistencies. The first concerns Marx's analysis of unproductive labour, and the second the transformation of values into prices of production. I shall consider them in turn.

In the Marxian conception, the consideration of unproductive labour' involves a departure from appearances. In concrete capitalist practice, costs of production are calculated by adding circulation costs and strictly productive costs, both being put on the same footing. But this equality of status is illusory and misleading. In the 'deep reality', behind the surface of appearances, circulation labour should be subtracted from, rather than added to, value-producing labour. Since it does not add any supplementary use value to the social product, it produces no value either. From this perspective, unproductive labour cannot legitimately be considered a 'real cost'. In order to grasp the correct magnitude of the latter, productive and unproductive labour must be distinguished. This also indicates the necessary intertwining of the theory of value and of the distinction between productive and unproductive labour, a connection which is rather neglected in Marxian literature. But as Lippi points out, 'a model of Marx's theory of value is inherent in his treatment of circulation cost' (p.6).

The integration of unproductive labour into the theoretical framework produces a divergence between the formation of prices and the formation of values, for the former include the circulation costs while the latter exclude them. The global theory can however be maintained, providing the discrepancies between prices and values are compensated by transfers of value or, in other words, the circulation costs are financed by a deduction from the surplus-value extracted from the productive labourers. The amount of surplus-value then remains unchanged but its distribution alters, since the unproductive branches get a share of it, although they do not contribute to its creation. The divergence between values and prices can thus be explained by assuming that if commercial capitalists, who supposedly direct only unproductive labour, can sell a commodity at its value, it is because they bought it at a price lower than its value. If this is accepted, the shift from the sphere of appearances to that of deep reality does not undermine the law of value. Prices can still be reconstructed on the basis of value. The only difference which considering unproductive labour creates is that the chain of mediations between the surface and the real determination becomes longer.

This is the traditional Marxist way of resolving the question. But Lippi has at least two criticisms, either of which alone would be

sufficient to disqualify the traditional view. The first is advanced in passing when discussing Colletti's views on abstract labour. It is contained in two far-reaching sentences:

'The labour of those employed in the distribution of commodity is no less abstract than that of workers who produce in the material sense. And yet Marx holds that their labour does not produce value, since it is not "intrinsically productive".' (1980: 36)

But Lippi gives more weight to a second criticism. It consists in joining the analysis of unproductive labour with that of prices of production. This is legitimate because the same mechanism for transfer of value is supposedly involved in the two problems. An unproductive branch is analogous to one which is fully automated. They share the same feature of creating no value, and thus no surplus-value, while nevertheless getting the average rate of profit for the economy. If one leaves aside the first argument, about abstract labour, the two inconsistencies – the integration of unproductive labour and the transformation of values into prices of production – are thus reduced to the same basis. The integration of unproductive labour depends upon the possibility of validly operating the transformation of values into prices of production, a question to which I now turn.

Lippi's analysis here is very traditional and remains in the mainstream of literature on the subject. He is not interested in mathematical subtleties. One point alone absorbs his attention: is it possible to operate a transformation from values to prices of production, while salvaging the conservation assumption? This would imply that aggregate magnitudes are not altered in the redistribution of value and surplus-value. Thus the sum of prices must equal the sum of values *and* the sum of profits must equal the sum of surplus-value. Evidently, Marx conceived of these equalities as simultaneously valid, even when he presented them separately. But, in so doing, it is argued, he took for granted what had to be proven! And subsequent debate has challenged the claim to simultaneity. Whatever the method of calculation, be it a system of simultaneous equations or the iterative method, conservation of both value and surplus value arise only in exceptional cases. Once the conservation assumption has been proved untenable, the demolition of the law of value is easy. If one asserts that the quantity of value is conserved during the transformation, profits cannot be considered as the result of a redistribution of the total surplus-value. If the equality between profit and surplus-value is maintained, the claim that the quantity of value is conserved, becomes devoid of meaning. Marx's project is thus in an impasse. Contrary to what he thought possible, prices cannot be reduced to quantities of labour.

'No accurate meaning can be attributed to the proposition that prices are somehow a manifestation of values, the result of a "transformation" of the latter' (1980: 109)

'Marx's labour theory of value in any form that ascribes rigorous significance to the identification of value and labour is untenable' (1980: 110)

And consequently, the solution for the integration of unproductive

labour also becomes invalid.

'The profit that accrues to the commercial sector and the recovery of capital advanced for pure circulation costs cannot be strictly considered deductions from the surplus-value produced in the industrial sector' (1980: 62).

So much for the critical aspect of Lippi's examination. He also aims to draw positive conclusions from his rejection of value. Two lines of argument, which again are not really new, are developed here. On the one hand, he argues that the Sraffian procedure allows calculation of the magnitudes of prices of production and of the rate of profit, without any reference to value. One can skip the value calculations and reach the same results. All we need to know are the production methods, ie the amount of commodities used in production and produced, whichever way they are measured, and the size of wages, expressed in terms of whatever commodity. On the other hand, Lippi reflects upon the function of the law of value. By this he means the objective or the reason why Marx made value and embodied labour identical. This is a crucial question, he holds, to which little attention has been paid by Marxists. The lacuna is unfortunate, he feels, because once this function has been clearly identified, it can be seen that the same objective is attainable without the law of value. Lippi's opinion on this function has definite Robinsonian overtones. For him, if Marx wants 'to demolish any notion that there is an autonomous source of value other than labour', it is in order to criticize the Smithian view, according to which capital is a source of value. This view offered a justification for profit, instead of considering it the expression of exploitation. Thus the interest for Marx in positing labour as the sole real cost, lies in what it denies – the refutation of any apology for profit – rather than in what it asserts. Now, if the same result can be reached in other ways, so much the better, since Marx's assertion is untenable! Again, the Sraffian framework provides the alternative solution. Here profit is seen as a subtraction from wages, the magnitude of which is determined once the exchange between labour-power and capital has taken place. In this way, the rate of profit can be calculated without recourse to any concept extraneous to the logic of exchange:

'This has a meaning different from the theory that profit "originates" from surplus-value. It is no longer a matter of analyzing production in terms of embodied labour, from which it follows that surplus-value is the material pre-condition for profit. Rather the origin of profit lies in a social relationship: the reduction of labour-power to a commodity and the manner in which its price is socially determined makes it possible for surplus labour to appear in commodity production.' (1980: 101)

Lippi admits that Marx's view of value as the real social cost contains a rational kernel, which must be maintained: 'denial that capital is a source of value in any sense and determination of profit as a subtraction from wages' (p.95). But this correct kernel must be disentangled from the naturalistic element. The idea that labour is the source of value must be abandoned. Not, however, in the name of another theory of value. No alternative answer to this question must be

attempted. It is the question itself which must be abandoned. Lippi holds that one can retain two of Marx's main results, namely the discovery that surplus labour is concealed behind profits and that prices of production are equilibrium exchange-ratios, but on one condition: they must be taken individually. For they cannot be demonstrated simultaneously.

'... their unity on the basis of the labour theory of value must be surrendered (which overturns the theory that profit is redistributed surplus-value). (...) First the assertion that so long as there are profits, however determined, (...) there must be surplus-value is completely independent of the theory of value and prices. It arises strictly from the analysis based on embodied labour and from the simple observation that profits represent purchasing power over portions of total output. Second, if the contention that capital advances are the source of profit is directly assaulted on the field of prices of production, Sraffa's analysis can resolve all the difficulties. The possibility that there may be some source of value other than labour is ruled out by extirpating the problem of the 'source' of value itself. The analysis of prices of production disposes of the idea that labour is the 'wellspring' of value, while the valid concept this idea has generated – that profits are subtractions from wages – is maintained' (p.90).

**Lippi's basic
premise: the
unity of
Marxian value
theory**

At first sight Lippi's target is clearly identified: *the* Marxian theory of value. Thus, he implicitly assumes that such a unique theory exists, a position which, certainly is widely held. I would however question it and argue that two distinct versions of this theory are available, each of which claims to be true to Marx. They can be called the Ricardian or embodied-labour interpretation and the post-Ricardian or abstract-labour interpretation. The classical exposition of the first version is Meek's *Studies in the Labour Theory of Value*, while the second is contained in Rubin's *Essays on Marx's Theory of Value*.² Both interpretations derive from Ricardo's conception of value. Thus they undoubtedly belong to the same family, as opposed to the other family, the Smithian one, in which a 'factors of production' theory of value is held. Nevertheless, in my opinion, they involve enough important specificities to be considered rival theories. Before sketching the differences between them, I must say that I defend the second one against the first.

This first interpretation is developed from what I call a technological paradigm. Value is linked to the difficulty of production. The object of the theory is the economy seen as a system of production. But the boundaries of this object are not clearly delineated. On the one hand, it seems to refer to the capitalist system since there is an explicit reference to the capitalist categories of profit and of wages. On the other hand, no reference is made to the notion of commodity, as the particular social form in which the social labour force is allocated in a decentralized economy. The commodity form, as the other basic component of the capitalist mode of production, besides the wage relationship, is thus entirely neglected. Whilst several differences between Marx and Ricardo are recognised in the embodied-labour interpretation, they do not really concern the content of the theory of value. The two elements on which, in the other version, the differentiation between Marx and Ricardo is constructed are in fact erased.

On the one hand, the reference to the form of value is emptied of any distinctive content. The theory of value is constructed without any consideration of circulation or money. On the other hand, the notion of substance of value also receives a minimal meaning. When reference is made to abstract labour, the latter notion means labour in general, ie in abstraction from the different specific types of labour activities. It does not receive the stronger meaning, where it refers to the social form in which the labour force is allocated. This explains why the embodied-labour interpretation has universalistic overtones.

The abstract-labour version is characterized by a shift, from a technological to a social paradigm.³ One of its basic premises consists in arguing the necessity for a connection between the physical-technical dimension and the social dimension of economic activities. The commodity is at the same time a physical product, be it a good or a service, *and* a social relationship. The first aspect always supports the second one, but it is the latter which plays the leading role in the dynamics of society. In this interpretation, the relationship between production and circulation becomes central. Money is indispensable: without it, the theory of value cannot stand up. Here the notion of value refers to a social property of commodities: rather than being linked to a mere embodiment of labour - a technical process - value refers to the validation of private labour through the exchange of commodities against money. A new concept - private labour - is introduced, which is given a central role. It designates the specific way in which in a decentralized economy, characterized by the absence of any *a priori* rule of economic cohesion, social labour is allocated among specific production tasks. It begins with the private initiatives taken by owners of the means of production. Their decisions have to anticipate the needs of the reproduction of society. But private labour becomes validated (ie reckoned as a fraction of social labour, serving effectively this reproduction) only in so far as its product is sold. Otherwise, private labour is a waste and the capitalist decisions-makers must, as it were, purchase their unsold products themselves. Thus the socialization of labour occurs through a 'somersault', the sale on the market, by which private labour becomes transformed into social labour. In this perspective, the theory of value cannot be considered a production theory, since in the absence of sale no creation of value occurs. On the other hand, however, it is not a circulation theory because, once the sale takes place, the magnitude of value depends on the average conditions of production, prevailing at the precise moment of exchange. Thus exchange creates value, but production determines its magnitude. Likewise, the possibility for the transfer of value from the means of production to the final commodity is conditioned by the effective sale of the final commodity. In such a perspective, the scope of the theory of value is both narrower and broader. It is narrower because it does not aim at general applicability to any system of production. But it is also broader, because it does not limit itself to the determination of equilibrium exchange-ratios. First and foremost, it aims to explain the specific functioning of a decentralized economy in which no *a priori* defined social cohesion is conceivable. The theory of value

must be able to determine theoretically the equilibrium exchange-magnitudes, but primarily in order to answer the challenges to its capacity to do so, rather than to explain the reality. In fact, equilibrium exchanges do not form an essential part of the theoretical structure of *Capital*. The capitalist system develops in a permanent disequilibrium. The achievement of instantaneous norms, the definition of which is the object of the value-founded theory of price, is permanently impeded by the working of a diachronic logic which irreversibly modifies these norms.⁴

The abstract-labour version has not yet received the attention which, in my view, it deserves. Marxists have usually contented themselves with the other version, which corresponds more to common-sense thinking and is easier to expound. Only in recent years has it re-emerged as a result of the re-reading of Marx and of the assault directed on the traditional version. For the time being however, the abstract-labour interpretation cannot be considered a fully constructed theory. It remains at an intuitive level and its coherence is not yet well established. Two factors account for this state of affairs. First, the authors who could be ranked under this banner do not agree among themselves, even on the definition of basic concepts. Second, the content of the views defended changes radically in a short space of time. The French situation is typical here. Those authors who initiated the critical revision of Marx and the new interpretation, like Benetti (1974, 1980), Cartelier (1976, 1980), Fradin (1973), Deleplace (1979), have now changed their minds and advocate dropping all reference to value! Thus a split is occurring within the social paradigm, which parallels the rupture within the technological paradigm between traditional Marxists and Sraffians.⁵

The difference between the rival theories (the abstract-labour theory and what I will call the Benetti-Cartelier theory) can be summarized as follows. For the former, the analysis of the decentralized economy must start with the notion of the commodity, seen as a connection between physical and social aspects. Value is introduced as an invisible property of commodities which permits their comparison: commodities can be exchanged because they are the products of abstract labour. But the abstract labour itself is represented in money (from which derives the necessity of the latter as the unique means of operationalising the abstract labour criterion)⁶. The Benetti-Cartelier theory rejects the idea that the commodity is the nucleus. It retains only the social aspect, arguing that economic discourse can say nothing about the physical aspect. The shift is thus from a viewpoint which associates the two aspects, to one which takes only the latter into consideration. The nucleus role is now played by money, defined as the only social relationship which in a decentralized system is immediately social (a point which the first school would accept). But money is no longer related to abstract labour⁷.

What light do these considerations throw on the discussion of Lippi's views? They lead to an enlargement of the debate. Rather

than two opposing conceptions – the Marxian view against the Sraffian – four are present: the traditional embodied-labour theory, the abstract-labour theory, the Sraffian theory and the Benetti-Cartelier theory. They can be ranked according to two criteria: the basic viewpoint which they hold and the existence or not of a reference to value. The first of these criteria is the most encompassing. The four theories can thus be regrouped into two intellectual families, of which they are sub-branches: the technological paradigm and the social paradigm.⁸

reference to value	Basic viewpoint	Technological	Social
	yes	embodied-labour theory	abstract-labour theory
	no	Sraffian theory	Benetti-Cartelier theory

Several levels of debates are then possible, opposing either the two basic paradigms or the different positions within each. What interests me, of course, is the response of the social paradigm to the Steedman-Lippi position, rather than that of the embodied labour theory of value.⁹ Here again two levels of discussion can be distinguished. On the one hand, there are mutual attacks on the logical coherence of the other theory. A major part of Lippi's book addresses this; conversely, some Marxists attack the coherence of the Sraffian framework.¹⁰ On the other hand, a more global discussion can be broached bearing on the respective qualities and defects of the theories' epistemological foundations. Lippi also deals with this matter, especially in his analysis of naturalism. I will limit myself to this global level and make two remarks.

First, I regret Lippi's lack of awareness or acceptance of the opposition between the two versions of the Marxian theory of value and, more globally, between the two paradigms. Although he touches incidentally on some of the points stressed by the abstract-labour version, he considers them only minor facets of the same theory rather than indications of a break from the embodied-labour version. Consequently, he misses the essential part of the debate on value, dealing with the opposition between the two basic viewpoints, which should be a pre-requisite for the consideration of all other questions. This is for me his main defect. Because of this omission, the shift which he proposes, from the embodied-labour theory of value to the Sraffian theory of prices of production, appears to me simply a 'palace revolution'. These theories are just two variants within the same technical viewpoint, which I consider globally inappropriate.

The concept of naturalism

My second remark concerns the concept of naturalism, about which Lippi seems to be very enthusiastic. First, I will criticize Lippi's use of the notion and, second, I will argue that taken in another, more appropriate, sense the accusation of naturalism could be boomeranged back onto the technological paradigm.

For Lippi, the defect of naturalism lies in its derivation of a particular law, the law of value, from a universal principal. But is there really such a derivation? I see two problems in Lippi's thesis. First, he seems to confuse two levels at which the universal principle can possibly be understood. The first is the essentially trivial idea that each society must necessarily allocate its social labour force among several type of activities. The second and more substantive one refers to the different idea that this requirement universally proceeds through the measurement of the labour embodied in products. In his book Lippi sometimes confuses these two levels. Having already been accused of this after the publication of his book in Italian, he takes the matter up again in his post-script to the English edition. Here he asserts that the general law is such only in a very special sense:

'It is not that all modes of production actually conform to the law; rather it is the central characteristic of the society towards which the historical process that embodied these modes of production is evolving' (129).

'The general law, (...), must be drawn from a phase of this process subsequent to all others and in this sense the most general of all. This phase is precisely the consciously organized production of co-operative society' (130).

Lippi is thus led to argue the not very convincing thesis that all the analysis of *Capital* is developed as the counterpart to the hypothetical cooperative society. Furthermore one has the impression that the only reason for making this rather complicated twist is to maintain, in one way or another, the general character of the law, at its second level of understanding, and hence the possibility for the accusation of naturalism.

My second problem with Lippi's argument, leaving aside the misleading use of the notion of law in both cases,¹¹ concerns the order of derivation. If there is a derivation, would it not be the other way round, namely the derivation of the general principle from what is at work within capitalism? Production in general is an abstraction, built up from the consideration of the specific capitalistic form in which the production and the allocation of the social labour force occurs. Thus if one should speak of a derivation, it would be that of the general principle, as inferred from the examination of its concrete form of manifestation.

On the other hand, while I feel reluctant about Lippi's use of the concept, I believe that it could be applied with another meaning and for another purpose, namely in order to criticize the technological paradigm! For me the defect of both Sraffians and traditional Marxists consists in the development of a theoretical framework in which only one social relationship is introduced, namely the wage-relationship. For the rest, they see capitalism as a production matrix, thus neglecting

the commodity as the social form in which labour is predominantly performed in the capitalist system. In other words, in the Sraffian view, the economy is examined only from a substantive angle, bearing on the types of activities, the method of production, and the concrete goods produced. But this viewpoint misses the social form in which these activities are embedded. For example, two economies could have exactly the same production structure from a technical viewpoint and their activities could thus be represented by the same matrix of production. But they may differ radically in the way in which social labour is initiated and sanctioned. In one case it may be a commodity system; in the other a centralized system. The Sraffian framework cannot grasp this difference because it does not distinguish between the commodity and an economic good in general. This exclusive focus on the physical dimension of production, at the expense of its social dimension, can be labelled a naturalistic deformation of the social reality of capitalism. And so the accusation of naturalism can be sent back to Lippi!

Lippi has two main arguments against the theory of value: its naturalism and its inconsistencies. My feeling however, is that this rejection is more deeply rooted. Even if these arguments were dismissed, the 'Sraffians' would stick to their idea that value is unnecessary; they would find new arguments. And the 'Marxists' would do the same the other way round... My opinion, which will be variously characterised as disillusionment or as realism, is that such matters can never be finally settled, when they hang on the question of fundamental premises. If proving the validity of a theory implies forcing opponents to accept the superiority of the new theory, then such matters are not open to proof. It may be possible to force change *within* a given paradigm – which would explain the fact that those dissatisfied with the traditional labour theory of value have shifted to the Sraffian rather than the abstract-labour version. Similarly, if those who initially defended the abstract-labour version were to drop it, it would be in favour of a Benetti-Catelier theory, rather than the Sraffian. Discussions about premises make me think of lawyers pleading before a strange court, in which no judge sits, but only co-opted colleagues; no deadline exists to bring the mutual pleas to a close, and no sentence is ever given.¹²

Let me now turn to the examination of the two points which Lippi considers inconsistent: the transformation problem and the distinction between productive and unproductive labour.

The transformation problem

Lippi argues rightly that no mathematical sophistication can rescue the transformation problem. For me the salvage would come rather from an epistemological re-examination, questioning the way in which Marx posed the problem, a way which has been adopted ever since, by opponents and defenders alike. As I will try to demonstrate, such an examination brings to the fore the fact that the two questions, whose simultaneous realization constitutes the Achilles' heel of value theory, have not the same status, contrary to what Marx explicitly argued. The demand for equality between the mass of profits and the mass of surplus-value can be abandoned without damage to the

logical coherence of the theory of value. Of course, as soon as this idea is accepted, no mathematical problem exists. Let us thus examine the two relationships in turn.

The first equality, which concerns the sums of prices and of values, is a premise of the analysis and in no way a result. It springs from the manner in which values and prices are theoretically interconnected, a point which is often misunderstood. In particular, it is rarely recognised that the two concepts are intrinsically linked because they refer to the *same* social process, i.e. a validation of private labour. The creation of value, the determination of the market price and the formation of the seller's income cannot but occur at one and the same time. They are difference facets of the same reality. The concepts of value and of price can be separated only in intellectual reasoning. Value expresses itself only in the form of a price and this expression requires the autonomous existence of money as the representation of abstract labour. To speak of a value existing in itself, independently of its form, makes no sense at all.

What are the quantitative implications of this? Let us suppose a pure commodity system, in which natural resources are left aside and in which all labour takes the abstract labour form. Assume further that the velocity of circulation of money is equal to one, which is necessarily true if the cycle of production and exchange is reduced to a single instant. Then, the amount of money in circulation is necessarily identical to the total amount of sales or incomes, itself identical to the sum of prices. Furthermore, there is then a necessary 'equality' between the sum total of prices and that of values. For, in such a pure system, no income can be formed, except by a creation or transfer of value. The total income or the sum total of prices is the monetary expression of the total magnitude of value. The division of this income between the different economic agents expresses their claims upon the social product. This correspondence between values and prices is not a result, open to disproof. Rather it is a direct consequence of the premise of the analysis, namely that the only basis for obtaining an income is a creation and transfer of value. Thus following Bullock and Yaffé, one can assert that:

'it is quite impossible for total prices to express anything other than total value' (1975: 14)

The meaning of such an equality should not however be misunderstood. The concepts of value and of prices belong to different theoretical spaces. Mathematical operations mixing them up in the same equations make no sense. Unfortunately, neither Marx nor his followers respected this rule. Only an overall quantitative link can be brought in between values and prices, through the concept of the monetary *expression of social labour time* (abbreviated to ME). There is a pure number indicating how many monetary units the quantum of total value is equivalent to. Empirically, the evolution of the ME is reflected by that of the general level of prices (GLP). Behind any increase in the latter, there is necessarily one in the former. However an increase in the ME does not necessarily manifest itself through a similar move in the general level of prices, because the latter is also inversely

related to the general evolution of productivity. This is why the two concepts should not be confused.¹³ No general explanation can be provided here for the magnitude of the ME and its evolution. Everything depends on the specific form taken by the general equivalent and the institutional context of the creation of money.¹⁴ Thus, in this pure system, the sum of prices can change only in two ways: either through a change in the total magnitude of value or through one in the size of the ME. Thus the correct expression of the relationship between values and prices is not: $\text{sum of prices} = \text{sum of values}$, but $\text{sum of prices} = \text{Me} \cdot \text{sum of values}$. In the Marxian literature, this notion is rarely mentioned.¹⁵ In fact Marx and his followers implicitly and arbitrarily assumed that the ME is equal to one, so that the same figures could be applied to values and to prices. On the one hand, this undoubtedly facilitates the construction of numerical examples illustrating the theory, since an easy jump from value categories to price categories is then possible. On the other hand, the assumption can be misleading, since it tends to produce confusion between the two categories.

In this light, the transformation of values into prices of production appears a complex process. It is the concatenation of two operations which occur simultaneously, but must be intellectually distinguished: firstly, the transition from the theoretical space of values to the theoretical space of prices and, secondly, the transformation occurring within the latter.¹⁶ The basic assumption behind this is that the sum of prices, expressing the sum of values at a given size of the ME, logically pre-exists the determination of the particular prices. The latter flows from the allocation of the sum total of prices among different commodities.

The first operation occurs immediately at the moment of exchange. Then the two theoretical spaces are formed simultaneously, one at a visible level and the other at an invisible one. This transformation from values into prices as a generic category cannot be affected by any problems in realization. For either a value is created and immediately takes the form of a price and of an income, or the planned creation of value fails, in which case no income emerges and *ex post* the supply price appears to be a dead-ended tender. In other words, when private labour is not transformed into abstract labour, neither a value nor an income arises. Value is always, and by definition, transformed into a price. Thus if there is a problem about the transformation of values into prices of production, it must concern the second operation, i.e. the allocative changes within the space of prices.

The question to be answered here is the following one: under what conditions would the division within the space of prices, indicating the effective exchange-ratios among the commodities, exactly express the division within the space of values? Or, in other words, under what conditions would there be a numerical equality between the market price of a commodity and its value, weighted by the size of the ME? Three conditions would have to be fulfilled: (1) equality of the value-compositions among the branches; (2) equality of the amounts

demand and supplied at the supply price, while the latter is identical to the equilibrium price; (3) absence of any monopoly power. If such a situation were verified for all commodities, the division within the space of prices would be exactly similar to that within the space of values. The norm of allocation of the sum total of prices can then be described as consisting of the coincidence of the market price with the 'direct or simple price'¹⁷, which is equal to the value weighted by the ME. The indication of the achievement of this norm is the equal distribution of the mass of profit among the branches. The transformation of the simple price into another form of price arises once it is admitted that these conditions are unacceptable assumptions. However this relaxation has different implications for each of the three conditions. The relaxing of the first one entails a change in the content of the norm of equilibrium, while the relaxing of either of the other two constitutes not a change of the norm but a departure from the equilibrium situation.

The following points must be stressed. The transformation from simple prices to prices of production is only one of the transformations within the space of prices through which the determination of price is established. One can also speak of a transformation from the price of production to the market price. But the theoretical impact is different: while the latter concerns the transition from an equilibrium situation to one of disequilibrium, the former refers to the transition from one definition of equilibrium to another. This transition results from the abandonment of the assumption of equal value-compositions, an assumption which is made for pedagogical purposes, but is untenable. Thus the definitive norm of equilibrium, as opposed to the provisional statement mentioned earlier, must be formulated as follows: equilibrium is reached when the market price coincides with the price of production. The latter refers to a given fraction of the sum total of prices, which deviates precisely from the simple price to the extent required to ensure the equality of the rates of profit among branches.¹⁸ As in the provisional formula, the latter equality plays the role of indicating that the norm has been achieved.

It must also be noticed that the chain between the different processes of transformation is only an analytical reconstruction. They all occur simultaneously, concomitant on a given creation and transfer of value. In other words, the price determination does not occur step-wise, the simple price being first determined, then the price of production, and only subsequently the market price. . . . In reality there are only two moves: first the definition of a supply price, a claim for a certain income by the sellers, and second the formation of a market price, which actualizes this claim, either at the initial level or at another one. In an equilibrium situation, which is the case assumed in the discussion focussing on the transformation from values to prices of production, these two magnitudes (market price and price of production) coincide. Furthermore it is also assumed that the supply price coincides with the equilibrium price. When one contrasts a situation in which the space of prices is divided with the simple prices

as the norm of equilibrium, with one in which this function is played by the prices of production, the former is an intellectual reconstruction in which the same physical exchanges receive another price magnitude. The set of simple prices is like a shadow system.

To conclude this point, if one accepts the premise that the creation and transfer of value is the only basis for obtaining an income and if the discussion is confined to defining an equilibrium situation, the sum of values cannot but be conserved in the sum of prices. However the term, conservation, may be misleading, since it has no time-dimension. The transformation is not a sequential process. One cannot think of a value existing before its manifestation in a price. So I would rather speak of a necessary co-extensionality between prices, in all their forms, and values. This can be expressed in the following equation, which is necessarily true:

Sum of market prices = Sum of prices of production = Sum of simple prices = ME. Sum of values.

Let me now consider the relationship between surplus-value, a fraction of the space of values, and profits, a fraction of the space of prices. Profit is the mass of money globally available to the capitalist class, for accumulation and for capitalists' consumption. Marx's claim is that the following equation must necessarily hold true:

Sum of profits = ME. Sum of surplus-value.

I do not share this view. Unlike the previous equation, this one is not a premise but a result, which holds only under special conditions: namely when the three above mentioned conditions are fulfilled. Once the inequality of value-compositions is admitted, it can no longer be maintained. However an inequality between the sum of profits and the sum of surplus-value is not necessarily due to an inequality of the value compositions. If the latter are supposed to be equal, but if one of the other two assumptions is relaxed, profits and surplus-value will also most probably diverge. Thus, the question of the co-extensionality of the available profit and the profit which expresses the surplus-value, transcends the problem of the transformation of simple prices into prices of production. It should be clarified in the theoretical exposition of the theory of *Capital* before tackling the transformation problem. For this reason, I will try to explain it precisely in a particular case, where the equality of the value-compositions is assumed but one of the other two assumptions is abandoned.

Inter-class transfers of income

The effect of relaxing the equilibrium assumption is that circulation profits and losses emerge. These consist of transfers of income from some agents, in a weak market position, to others, who benefit from a strong position. At the global level, this transfer is cancelled because the circulation profits of the ones are by definition the losses of the others. Their algebraic sum amounts to zero. These transfers do not affect the sizes of the two spaces, values and prices, to the extent that the disequilibria do not lead to the lack of sale of some commodities and thus to an absence of creation of value. In the latter case, both spaces diminish in the same proportion. However, these transfers

always generate changes in the internal division of the space of prices, with actual exchange-ratios departing from the equilibrium ones. To understand how these transfers can affect the co-extensionality between available profits and the surplus-value, one has to consider the types of transactions involved. The global set of transactions can be divided into two categories: one comprising the exchanges among capitalists; the other those occurring between capitalist units and the wage-earning class, whether these involve the sale of labour power or the purchase of commodities by wage-earners. If compensation within the subset formed by the exchanges between capital and the labour power is incomplete, an *inter-class transfer of income* arises and modifies the magnitude of available profits. If the market situation favours the capitalist class, two consequences ensue. On the one hand, the average wage will not allow the consumption norm to be fulfilled and, on the other hand, the total available profit will consist of two components: the profit expressing surplus-value and the inter-class profit of circulation to the benefit of the capitalist class. If the market situation is the other way round, then the outcome is also reversed. The consequence of the disequilibrium is that the purchasing power of the total profit as well as of the total mass of wages will differ from what they would have been if the equilibrium point had been reached.

Why was Marx not aware of this? I would suggest the following answer. On the one hand, he wanted to demonstrate that profit was founded on surplus-value in a situation of equilibrium, in order to eliminate the complications arising from the consideration of circulation profits and losses. This is an entirely legitimate procedure. On the other hand, he rightly perceived that at the global level these circulation profits and losses cancelled one another. But his error consisted in not pushing the reflection one step further. The assertion which is valid in an equilibrium situation is no longer so when the existence of disequilibrium is admitted – a theoretical step which must obviously be taken since errors in private decision-making are intrinsic to the commodity system. In such a context, the available profit will most probably differ from the profit expressing surplus-value. Instead of posing that:

Sum of available profits = ME. Sum of surplus value,

one should write:

Sum of available profits = ME. Sum of surplus-value + Sum of inter-class transfers of incomes benefitting the capitalist class – Sum of inter-class transfers of incomes benefitting the wage-earning class.

In other words, surplus-value is no longer the only basis for the mass of profits available for accumulation and capitalists' consumption. If one cannot argue that the equilibrium situation will actually be reached, one can no longer defend Marx's assertion that profits and surplus-value are co-extensional.

Once the discrepancy is accepted at this preliminary level of analysis, it is no longer so tragic to admit that the transformation of simple prices into prices of production also entails a modification of

the mass (and rate) of profit. One difference must however be stressed. The modification of the mass of profits, occurring when the circulation assumptions are relaxed, makes a real difference to purchasing power. When capitalists ultimately make a profit of circulation at the expense of wage-earners, they can buy more commodities, whether means of production or consumption goods. On the contrary, the transition from simple prices to prices of production changes the nominal amounts but not the purchasing powers. To illustrate this, let me take the numerical example, used by Shaikh (1977). I assume that department I produces means of production, department II wage-commodities and department III the capitalists' consumption commodities. Table 1 describes the actual equilibrium exchange-ratios when the norm of equilibrium consists in the coincidence between market prices and prices of production. Table 2 describes the exchange-ratios which would have prevailed if the provisional norm was still at work in a system characterized by different value-compositions.

Table 1 Exchanges at the prices of production

Branches	Constant capital	Variable capital	Mass of profits	Total income	Rates of profit
I	504	168	168	840	25%
II	224	224	112	560	25%
III	112	168	70	359	25%
Total	840	560	350	1750	

Table 2: Exchanges at the simple prices

I	450	180	120	750	19,05%
II	200	240	160	600	36,36%
III	100	180	120	400	42,85%
Total	750	600	400	1750	29,63%

Evidently, the striking feature in comparison of the two norms is that, if the equilibrium position had been determined according to the simple price norm, the mass and the rate of profit would have been higher. One cannot, however, leave the matter at this. On closer examination, this effect turns out to be a 'trompe-l'oeil'. Contrary to what happens in a case of disequilibrium, when the market price departs from the equilibrium price, the modification of the equilibrium magnitude from the simple price to the price of production does not entail a change in purchasing power. Let us look at the example. The nominal wage bill decreases (from 600 to 560) but the real wage remains unchanged. Consequently, on a nominal level, the profit

available for gross investment and for the capitalists' consumption commodities decreases, (from 400 to 350) with no changes in terms of real consumption. But does this mean that the mass of money available for accumulation increases, as in the case of an inter-class circulation profit to the benefit of the capitalist class? Of course not, because the price of the means of production has increased by that same amount, as a result of the change of norm. Thus, the nominal modification in the mass and rate of profit covers a stability in terms of the two classes' total purchasing powers. The real conditions of accumulation have not changed at all.

To conclude this section, my answer to Lippi's first objection to the Marxian theory of value – that the conservation assumption is untenable – can be summarised as follows. Contrary to what Marx said, and to what is still defended by many Marxists, the coherence of value theory does not depend on the simultaneous achievement of the two identities above. The first equation, which I re-formulate as:

Sum of prices = ME.Sum of values

is true by definition. The second equation:

Sum of profits = ME.Sum of surplus-value

has a different status. It is open to empirical refutation, and moreover, is unlikely to occur even where there is an equality of value-compositions between branches of production. If this is accepted, Lippi's objection vanishes and the mathematical resolution of the transformation problem becomes obvious. Finally, let me add that the Ricardians do not have sole responsibility for putting the debate on the wrong track. Marx himself, and also Engels, share this responsibility. When Marx examined the transformation problem, it was as if he had forgotten all he said elsewhere about the form of value.

Unproductive Labour

Lippi's main criticism of Marx's treatment of the distinction between productive and unproductive labour is that it contradicts the assumption of the conservation of surplus-value. Since I question the necessity for this assumption, this argument does not seem decisive. However, as I mentioned above, Lippi offers a second criticism: if circulation labour flows from a private initiative, it is no less abstract than value-creating labour. It also takes the form of a private labour which has to be validated by the market. Why then assert that it does not create value? This argument seems to me decisive, especially, of course, if one defends the abstract-labour version of the theory of value. Some revisions are thus needed in order to avoid logical contradictions. The next few pages will be devoted to this task. I must warn that my starting point is not Marx's writings on the subject. Rather I start from the conception of abstract labour, as I see it, and draw its implications for the definition of unproductive labour, without bothering about whether or not they coincide with Marx's original views.¹⁹ I must also warn that, while Lippi limits his analysis to circulation labour, I will broaden the debate and consider the different possible types of unproductive labour.

The problem is one of definition. As Hunt puts it, it rests on the question, productive or unproductive of what? One important point

is to avoid conflation of theoretical and common-sense meanings. Let us thus examine the possible meanings of the concept of unproductive labour, and ask whether they are compatible with the abstract-labour conception of value? Each of these definitions leads to the exclusion of some specific activities, which may partially overlap. Since the process is one of exclusion of some activities from the sphere of productive labour, the best procedure seems to be first to define what must be excluded, ie the content of the unproductive activities. All the remaining activities can be considered productive labour. These different definitions are summarized in the next table. I examine them in turn.

The Possible Definitions of Unproductive Labour

<i>Productive/ unproductive of what?</i>	Decisive question	Types of excluded activities
value	what is the social form of the labour activity?	<input type="checkbox"/> domestic labour <input type="checkbox"/> directly social labour
necessary labour	is the labour activity superfluous with respect to a given technical norm?	<input type="checkbox"/> activities pertaining to capitalist domination <input type="checkbox"/> prestige activities <input type="checkbox"/> excess labour of the less efficient firm?
distinct use-value	does the labour activity pertain to the functioning of the commodity system? (or does it create a specific use-value?)	<input type="checkbox"/> circulation labour
surplus-value	twofold criterion: what is the social form of the of the labour activity? (question 1) <i>and</i> : is it exploited labour?	besides the activities described in 1: <input type="checkbox"/> labour activities of the independent producers <input type="checkbox"/> labour activities of the non-exploited labour-force

The first definition

Here the criterion on which the distinction is based is the social form in which labour activity is embedded, regardless of its specific content or the nature of the product. Only the social relationship counts. In this perspective, the scope of the concepts of abstract labour and of productive labour overlaps perfectly. Productive labour means productive of value. Unproductive labour is then constructed in a negative

manner to designate those labour activities belonging to other social forms, ie either domestic labour or directly social labour. I speak of domestic labour²⁰ when its product is produced and consumed within the nuclear reproduction cell, without a monetary exchange. I speak of directly social labour in a situation in which the labour activity is undertaken as the result of a decision by a central authority, without the need for validation through the market. Its product can be called a collective good or service.

Two points can then be stressed. First, in so far as the necessity for other social forms of labour is acknowledged, one cannot assert that value constitutes the sole real cost of society's reproduction. Thus, myself, I would not subscribe to this assertion, which is one of Lippi's preferred targets. Secondly, it must be seen that, if unproductive labour, so defined, is not productive of a commodity and of value, it is nevertheless productive of a specific use value. But the latter does not take the commodity form.

The acceptance of this definition opens the way for the criticism of the next two definitions. They are based on a substantive criterion, which examines the content of the activities. Hence they betray the basic premise that the notion of productive and unproductive labour, like that of abstract labour, must refer to a social relationship and not to any 'intrinsic' characteristics of the labour activities. They can thus be accused of 'naturalism', in my sense of the term!

The second definition

Two particular cases of unproductive labour arise in this definition. The first concerns activities specific to a capitalist firm, supposedly respecting the efficiency norm of its branch. The second one concerns a fraction of the total labour performed within a firm, whose efficiency is below the prevailing norm. As will be seen, these two cases rest on the same logical basis. I examine them in turn.

In the first case two types of activities could be labelled unproductive: on the one hand, prestige activities, like chauffeurs, hostesses, etc, and, on the other hand (more essentially), the labour of the capitalists or their delegates which concerns the subjection of the workers in the firm. Why could these activities be considered unproductive? Because, from a technological viewpoint, they can be decreed superfluous. If the prestige activities were suppressed, the production of the firm would not decrease. If the class division was abolished and the capitalist system replaced by an associated producers' system, no supervision activities would be necessary... Here the notion of unproductive labour clearly means unnecessary labour, defined from a technical viewpoint. It is felt that these activities constitute a waste. Admittedly, if the definition is accepted, there are problems in its concrete application. For, in order to apply the distinction, one must, for example, be able to distinguish those activities which relate to technical functions of coordination, from those demanded by the capitalist function. But theoretically, this

problem is of secondary importance.

I would reject this definition for a more fundamental reason: namely that its acceptance entails a departure from the social paradigm which underlies the abstract-labour conception of value. As is well known, the magnitude of the value of a given commodity depends on the average conditions of production at the moment of exchange. But the notion of conditions of production can be misleading. In fact, it refers to a social practice, which certainly covers a technical aspect but may also encompass activities which, from a normative or technical viewpoint, can be deemed unnecessary. Value refers to a social norm with all the relativism which this notion implies. All the activities of a given firm, which are not in excess with respect to the prevailing social norm of the branch, belong legitimately to the 'collective labourer'. This is expressed in the fact that the expenses which they give rise to, can be integrated into the cost of production and into the price of the commodity.²¹ Once it is admitted that value is determined from a social viewpoint, the other viewpoints, (normative or technological ones) cannot interfere. This is precisely the mistake of any definition of unproductive labour on the basis of its alleged superfluous character. It compares an existing situation with a hypothetical one, in which the superfluous labour is eliminated. This amounts to a departure from the value conception. For value is not related to a technically ideal norm of production but to the average norm which is in existence at a given moment. The suggested distinction is thus based on a substantive, technological view, a position which must be rejected. Certainly, such distinctions can make sense and be useful for many purposes, but they have no relevance within the theory of value. As a result of this rejection, I defend the view that capitalists (when they are not rentiers but work in their firms) and their delegates, are productive of value, like all other workers.²² But this does not imply that they are productive of surplus-value (see below the examination of the fourth definition).

The same methodological principle applies to the second possible case of 'excess labour', concerning the firms with a less than average efficiency. Here again, the common-sense understanding of the notion, in which the terms of less efficient and less productive are associated, can lead to a definition of the excess part of labour as unproductive. But again, this view is incompatible with the first definition of the concept, focussing on the social relationship aspect. The notion of value refers to the aggregation of individual efficiency situations, including of course the least as well as the most efficient.²³ In the meaning suggested here, however, the notion of unproductive labour refers to a physical reality rather than to homogenized labour.

The third definition

Here we fall back again on Lippi's analysis. Backing up the classification of circulation labour as unproductive he is led to assert its unnecessary character. If the social system was different, it is said, these activities could be eliminated. Even if this statement were

correct, such a classification could be attacked on the same grounds as the second definition. However I do not think it correct. I believe rather that circulation labour is absolutely necessary. Its object is more general than just the addition of one specific use-value, however basic, to the stock of use-values. It is rather to serve the reproduction of the commodity system. Without circulation products and services, the exchange of commodities would be impossible. Circulation labour can be compared to the Supply Corps in an army, about which it is said in French that it is the 'nerve of a war'. Furthermore, these maintenance tasks it seems, will be present in any system of organizing social labour. In a centralized system, they might appear in the form of planning activities. In the hypothetical system of associated producers, to which Lippi refers, some time would again be diverted from 'productive' time, in order to ensure coordination. So I do not share the view that circulation labour is unnecessary or could technically be eliminated, although of course, like all other types of labour, it is the object of pressures towards rationalization.

However there is another line of thought, also evoked by Lippi, which could lead to the classification of these activities as unproductive. The argument here is that circulation labour cannot be considered as value-creating when it does not create a *use-value*. But in what sense exactly should this non-creation of use-value be understood? It cannot be that circulation labour produces nothing useful. Otherwise people would not pay for circulation services. The meaning is rather the following one: the allegedly unproductive circulation service, eg the granting of a credit by a bank, does not bring about any specific output, consumable in itself. The circulation service appears as a more or less necessary mediation towards the making of a commodity transaction, its '*raison d'être*' flowing from the requirements of the functioning of the commodity system as a whole. Being the condition of existence of production and exchange of commodities, it can be seen as a necessary by-product, not consumable in itself, and adding nothing to the social production.

But is one entitled to move from the assertion that circulation labour creates no use-value (in this sense) to the assertion that it does not create value? Marx, himself, makes this step and almost all Marxist writers follow him (Hunt being an exception). Again, however, this does not seem correct to me. If the first definition is accepted as the basis of the reasoning, the criterion for the distinction between productive and unproductive labour is exclusively the social form in which labour is undertaken, regardless of the content of the activity or of the nature of the product. Now the classification of circulation labour as unproductive is made precisely on the basis of the nature of the product. As Hunt puts it:

'Marx's classification of workers employed by capitalists in the sphere of circulation as unproductive is based solely on the use-value of the commodity they create' (1979: 322).

Thus this definition violates the first one. It is based on a physical criterion, considering the substance of the activity, and not on the

features of the social relation. Lippi has rightly noticed this. Logical coherence would then entail a minor revolution: the traditional Marxist view must be abandoned and circulation labour must be considered productive, to the extent that it conforms to the conditions of the first definition. In the situation encountered in definition 1, I noticed the possibility of labour being unproductive of value but productive of use-value; here we meet the possibility of a type of labour, which is productive of value but not of use-value.

The fourth definition

In the simplified Marxist model, it is implicitly assumed that there are no independent producers, that all capitalists are rentiers and that no work of control is exerted. In this case, the first and fourth definitions overlap, since all the value-producing labour is at one and the same time surplus-value producing. However, once these assumptions are relaxed, the coincidence no longer holds. The position of the independent producers is clear: they create a value but no surplus-value. In an equilibrium situation, characterized by the absence of circulation profits and losses or of devalorization losses, all producers would earn the same income, which reduced to a certain time-basis would exactly be equal to the ME. The case of the workers exercising the capitalist function, be it foremen, managers or active owners, is a little more complicated. If one accepts the above analysis, they must be considered members of the collective labourer and full participants in the creation of value. But are they also a source of surplus-value? In other words, are they exploited? Three situations are possible: (1) their wages are higher than those of ordinary workers, as the counterpart of their exercise of a capitalist function. But nevertheless, reduced to a certain-time basis, it is lower than the magnitude of the ME. Then it can be asserted that they are exploited but at a lower rate than the other workers. (2) If their wages equal the ME, one can say that they are not exploited, although they do not benefit from the redistribution of the total profit. (3) If their wages are higher than the ME, they do benefit from such a redistribution.

Between the first definition, on the one hand, and the second and the third, on the other hand, I see logical inconsistencies which have to be solved in order to preserve the coherence of the theory of value. In the present state of Marxian theory, these inconsistencies are not properly clarified. But I believe that the task is possible, providing one accepts a qualification of Marx's own positions and a correction in the name of the epistemological principles he himself advanced. If one compares the first and the fourth definitions, the problem is no longer of logical incoherence, but of their respective scopes of relevance. The first definition would attribute a broader sense to the notion of productive labour and the fourth one to a narrower one. But both exist within the social paradigm.

To conclude, I cannot accept Lippi's view that the debate on value is now closed and that only 'obscurantists' can still defend the Marxian theory of value. Two reasons justify my position. First, he has not

addressed the problem of comparing the two main paradigms, which I myself consider the foremost question. Second, it is premature to state, as he does, that 'there is no point in continuing to attempt to do so (ie to defend the labour theory of value in the name of the need to delve beneath surface) in terms that encounter inseparable obstacles or lead to propositions devoid of meaning' (p110). Contrary to Lippi's opinion, the inconsistencies which he puts forward are not so unsolvable.²⁴ To solve them, however, implies important revisions of Marxian conventional wisdom. One of the merits of Lippi's attempt is precisely to foster this critical re-examination.

Notes

I thank Sue Black, Jacques Gouverneur, Jim Lindsay and Philippe Van Pariji for their comments and/or editing help.

- 1 In Lippi's analysis, this concept is confined to the pure circulation costs.
- 2 I cannot discuss here the question of whether the alleged duality is already present in Marx's writings. Let me just indicate the two possible positions on this point. A first stand consists in arguing that Marx's works effectively exhibit a juxtaposition of two conceptions of value, a technological and a social one. In this view, Marx is credited with having provided the foundation for a rupture from Ricardo but he is also accused of not having been able to stick to the epistemological principles which he initiated. As a result, the frequently held statement that, rather strangely, so many of Marx's readers are unable to understand correctly his theory of value, should be replaced by the proposition that Marx himself was unable to unambiguously bring out one unique theory. In this case, the fact that nobody agrees on what he really meant, ceases to be amazing. The second position, however, would hold that Marx had one such theory, namely the abstract labour version, but that his disciples, starting with Engels, were unable to grasp it fully, so that they have fostered a bastard version of it. For a critique of Engels' writings on value see Dostaler (1978) and Weeks (1981).
- 3 The following paragraph summarizes my own interpretation of the abstract-labour interpretation (De Vroey 1979, 1981). Other studies which, with a series of important nuances, could be ranked in this interpretation, are: Aglietta (1979), Arthur (1976, 1979), Elson (1979), Fine and Harris (1979), Gerstein (1976), Himmelweit and Mohun (1978), Kay (1976, 1979), Lindsay (1981), Pilling (1972), Shaik (1977), Weeks (1981).
- 4 The interaction between the synchronic and the diachronic time-structure is examined in my article (1981).
- 5 However, the two dissident theories do not join at all. On the contrary, they lead in opposite directions.
- 6 This proposition is justified in my article "Money and Inflation in Intensive Accumulation" (1981).
- 7 For a critique of the Benetti-Cartelier theory, see Guibert (1980).
- 8 It must be recalled that both these paradigms are in opposition to the neo-classical factors of production theory.
- 9 For an example of a discussion which I see as confined within the premises of the technological paradigm, see Armstrong, Glyn and Harrison (1978).
- 10 Two recent attempts are Savran (1979) and Ganzmann (1980).
- 11 On the one hand, what is called the law of value is just a definitional premise, which is of an unprovable nature. On the other hand, the notion of universal law refers to a regular interlinkage between variables which is supposed to impose itself, to be observable and also refutable. Lippi indulges himself in the mistaken avenue when he seems to assume that these laws are to be proven. However, he is not responsible for the use of labels, which are introduced by Marx.
- 12 The difficulty of discussions about premises is illustrated by the reaction of Lippi to Lebowitz's criticism of Sraffa, taxing the latter for having a natural conception of production relations. Lippi finds this "empty chatter about grand themes" (p.102).
- 13 In other words: $\Delta GLP = \Delta ME - \Delta Productivity$

- 14 These elements are examined in details in my study "*Money and Inflation in Intensive Accumulation*" (1981)
- 15 It has been introduced by Gouverneur (1978) and Aglietta (1979).
- 16 As Shaikh notes in connection with this second aspect:
'it is a case of transforming one form-of-value, direct prices, into another form, prices of production' (1977: 134). The same point is stressed by Pilling (1972).
- 17 The term 'direct price' is used by Shaikh (1977), the term 'simple price' has been introduced by Yaffé (1974) and is used by myself (1979).
- 18 It will be argued below that the transformation from simple prices to prices of production normally entails a modification of the magnitude of the rate of profit.
- 19 For a critical examination of Marx's writings the reader is referred to Hunt's article (1979), where he will also find references on the contemporary debates in the English language literature.
- 20 This notion is examined in my study 'Le travail ménager et le rapport salarial. Un essai de typologie' (1980). See also Lindsay (1981, chapter 6).
- 21 Of course, the pressure towards the decrease of the socially necessary labour time affects the prestige and control activities, like the other ones.
- 22 This position is provocative only in so far as a normative content is given to the notions of productive and unproductive labour, a position which I would definitely not take. Like Ohlin Wright (1978), I think that the interlinkage made by Poulantzas (1975) between the definition of unproductive labour and the analysis of social classes must be rejected. The distinction can in no way serve as a platform for the construction of class positions.
- 23 The term 'individual value', sometimes used by Marx, does not make sense to me, because value results only from the homogenization of the individual norms of efficiency.
- 24 The analysis of the transformation problem presented above is not the only possible way of resolving the contradiction traditionally put forward. Another line is proposed by Dumenil (1980) and Lipietz (1981).

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