

## Comment on debate between David Harvey and Michael Roberts concerning Marx's Law of Value, as posted on Roberts' blog, April 2, 2018

<https://thenextrecession.wordpress.com/2018/04/02/marxs-law-of-value-a-debate-between-david-harvey-and-michael-roberts/>

Thank you Michael for posting this important exchange between David Harvey and yourself. In your reply to his original piece, you quoted favourably some passages from the new and expanded edition of my book *Invisible Leviathan* (forthcoming in 2018 from Brill as part of the Historical Materialism Book Series), for which you have kindly written a Foreword. (Many thanks again!) Drawing on some of the major themes of that book, and lending support to your side of the argument, I'd like to offer the following observations on Harvey's contributions to the present exchange.

1) In good part, Harvey's essay attempts a popularization of Diane Elson's argument in her 1979 essay "The Value Theory of Labour," which was an important contribution to what I call (in my *Invisible Leviathan*) 'neo-orthodox Marxist value theory'. A defining characteristic of this current within the broader 'value controversy' is its attempt to sidestep Marx's supposedly problematic procedure for transforming commodity values into prices of production by highlighting the value-form aspects of Marx's theory, even while agreeing with the neo-Ricardians/Sraffians that his value-magnitude analysis is at best redundant to the derivation of output prices from physical inputs or, worse, logically flawed. Such a purely 'qualitative' (philosophical or sociological) appreciation of Marx's value theory is at odds with a 'fundamentalist' approach that insists upon the need to articulate the value-form and value-magnitude aspects of Marx's theory, precisely with a view to sustaining the two key postulates of the law of value: that living labour is the sole source of new value, and that value exists as a definite quantitative magnitude at the level of the capitalist division of labour as a whole. As a magnitude that sets parametric limits on prices, wages, profits, etc., value possesses real deterministic force. True, value is a social relation between people; but it is a social relation that comes fully into its own as a *dominating* principle of economic intercourse only when abstract labour establishes itself (through the money form) as a universal structure mediating the relations between all commodities. I consider this to be the general (though not always clearly acknowledged) position of those I identify as 'fundamentalist' value theorists (including Shane Mage, Guglielmo Carchedi, and the young Anwar Shaikh, among others).

2) By itself, Elson's value theory of labour cannot sustain the two postulates of Marx's law of value as stated above, and for this reason it represents a kind of watering down of Marx's theory. She writes: "My argument will be, not that Marx's value theory of price is more complex than Ricardo's, but that the object of Marx's theory of value is not price at all. This does not mean that Marx was not concerned with price, nor its relation to the magnitude of value, but that the phenomena of exchange are not the object of the theory... My argument is that the *object* of Marx's theory of value was labour. It is not a matter of seeking an explanation of why prices are what they are and finding it in labour. But rather of seeking an understanding of why labour takes the form it does, and what its political consequences are" (see *Value: The Representation of Labour in Capitalism*, p. 123). I have sympathy for this argument to the extent that it suggests that Marx's theory of value is concerned with the fateful consequences of a labour process that has taken the social form of a valorization process. My quarrel with Elson (and Harvey) is that the appropriate theoretical and

political consequences of this observation can only be fully and adequately drawn out by establishing the veracity of the key postulates of Marx's law of value. And this can only be achieved by giving due weight and attention to the value magnitude analysis, which is primarily concerned with how key macroeconomic trends under capitalism are shaped by the operations of the law of value, the general law of capital accumulation, and the law of the tendency of the rate of profit to fall.

3) It is precisely this deficiency in Elson's theory that Harvey finds attractive. Like other neo-orthodox theorists, Harvey prefers to understand value as an indeterminate magnitude resistant to empirical analysis. Moreover, like other underconsumptionists or (or perhaps more precisely) theorists of 'the problem of realizing surplus value,' he seeks to deny that the Achilles heel of capitalism is the insufficient production of surplus value relative to capital investment. Why does he want to deny this? Might it be because a focus on the failure of surplus-value production suggests the need for a revolutionary rather than a reformist program?

4) My strong impression, based on my reading of several of his major works, is that Harvey's account of Marx's economics is in the service of left populism (a new iteration of New Deal 'popular-frontism'?) and sectoral reformism, not a politics of revolutionary proletarian class struggle. This in turn goes a long way to explaining (what you call) his 'eminence' as a Marxist scholar in a period in which radical leftists have been far more inclined toward cross-class coalitionism than toward defending the political independence of the working class.

5) Harvey nowhere defines what he means by the LTV in his original article or in his reply to you. (To repeat, I define it succinctly as a theory which posits that living labour is the sole source of new value and that value exists as a definite quantitative magnitude that sets parametric limits on prices, wages, profits, etc.)

6) According to Harvey, Marx conceptualized value as an "immaterial but objective relation." But Marx nowhere refers to the "immateriality" of value (nor, by the way, to the currently fashionable concept of 'immaterial labour'). A search of Marx's major writings will show that he uses the adjective 'immaterial' only in the sense of 'so insubstantial as to be irrelevant'.

7) I have never dismissed as "circular reasoning" Harvey's diagram of circulation or "the definition of capital as value in motion." In *Invisible Leviathan*, I was arguing against Michel De Vroey's confused notion that value is created "not in production but at the articulation of production and circulation" — a notion that is widely shared by those who regard the origins of capitalist crisis in 'problems of surplus-value realization' rather than in the insufficient production of surplus value relative to capital investment. (Does Harvey agree with De Vroey's formulation, and if so how does he reconcile it with his declaration in his reply to Michael that value is indeed created in production?)

8) Harvey is also critical of the quotes selected by Michael Roberts from my book. The first of these was: "Money as a measure of value is the necessary form of appearance of the measure of value which is immanent in commodities, namely labour-time." Now this line certainly appears in *Invisible Leviathan*, but it also happens to be a direct quote from Marx, *Capital I* (Vintage edition, 1977, p. 188). In his reply to Roberts, Harvey writes that the "abstraction of value ... is, in Marx's view, a social relation hence 'immaterial but objective'

and not 'immanent' and 'real' as the quote from Murray Smith proposes ('not an atom of matter enters into the objectivity of commodities' says Marx in Capital - p. 138)."

Apparently, Harvey thought he was disputing a formulation by Smith when in fact he was actually disagreeing with Marx! (Incidentally, both of the above Marx quotes appear in the first edition of *Invisible Leviathan* published in 1994, the first on pp. 57 and 58, the second on p. 97.)

9) In the end, Harvey's version of Marxian value theory makes major concessions to the subjectivism and market-centred ideas of neo-classical marginalism and Keynesianism, whereas Marx's own value theory insists on the ontological primacy of production in the creation of value and surplus value. In doing so, Marx's theory locates the source of capitalist crisis (cyclical and historical-structural) in the intensifying contradiction between the developing forces of production and the (increasingly constrictive) capitalist relations of production. This is at the heart of Marx's law of falling profitability.

10) None of this suggests that -- for individual capitalists or the social capital as a whole -- there is no 'problem of insufficient aggregate demand'. But this phenomenon should be seen as merely a surface manifestation of a deeper and more profound *crisis of valorization*. Periodically, capitalists are unable to realize fully the initial prices they ask for their commodities in the market -- prices set in accordance with expected profit margins as established in previous periods. But why is this so? I argue, as I think Marx does, that (abstracting from processes of surplus-value redistribution resulting from competition) this problem is primarily due to the fact that the values supporting those (now unrealistic) prices are constantly receding as a result of the displacement/shedding of living waged-labour from production and the consequent reduction in the total pool of social surplus value.