

## Third Lecture

# Labour Value: Marxist Capital

### Capitalism: conflict over surplus

- Purpose: from defense to destruction of capitalism
- Labour: from many to one factor of production
- Surplus: history, labour and class conflict
- Forms of surplus: physical and political
- Political economy: social totality, theory, ideology

### The labour theory of value

- Surplus and surplus value
- The Physiocrats and land, the classicists and labour
- Value and labour time
- Socially necessary labour
- Concrete and abstract labour
- Labour power
- Exploitation: labour vs. labour power
- Simple circulation: reproduction of the worker
- Expanded circulation: capital accumulation
- Constant capital, variable capital and surplus value
- Value theory and capitalist development
- Capitalist fractions

### Controversies

- Value theory: qualitative and quantitative.
- The transformation problem (I): from values to production prices
- Rate of profit, rate of exploitation and the organic composition of capital
- The transformation problem (II): from production prices to market prices
- A labour theory of value without perfectly competitive equilibrium?
- Inner logic: Samuleson's redundancies
- Inner logic: Joint processes and Steedman's impossibilities
- Existence: does labour value exist?
- Existence: can the value equations be specified?

### Quality and quantity

- Marx and the neoclassicists: the common ground
- "Bottom up": from production to distribution

### The Neo-Marxist revision

- Power without value
- Time to rethink capital

**Circulation**

Simple circulation: the reproduction of the worker

$$C \rightarrow M \rightarrow C$$

Expanded circulation: capital accumulation

$$M \rightarrow C \rightarrow M + \Delta M$$

Enters production:

$$M \rightarrow C \rightarrow \text{Production} \rightarrow C \rightarrow M + \Delta M$$

Decomposition: constant capital ( $c$ ), variable capital ( $v$ ), surplus value ( $s$ ):

$$M \rightarrow C \rightarrow (c+v) \rightarrow (c+v+s) \rightarrow C \rightarrow M + \Delta M$$

**Historical Stages and “Fractions of Capital”**

Sheer force: money capital

$$M \rightarrow M + \Delta M$$

Commercial: arbitrage capital and the “extensive” empires

$$M \rightarrow C \rightarrow M + \Delta M$$

Productive: industrial capital and the “intensive” empires

$$M \rightarrow C \rightarrow \text{Production} \rightarrow C \rightarrow M + \Delta M$$

### **The Transformation Problem: From Values to Prices of Production**

Decomposing the value of a commodity, with constant capital ( $c$ ), variable capital ( $v$ ), surplus value ( $s$ ), the initial investment ( $M$ ) and the profit ( $\Delta M$ ):

$$c + v + s = M + \Delta M$$

**Rate of profit**  $\pi$  (ratio of profit to invested capital)

$$\pi = \Delta M / M$$

Assuming the surplus value ( $s$ ) is equal to the profit ( $\Delta M$ ):

$$\pi = s / (c + v)$$

**Rate of exploitation**  $\varepsilon$  (ratio of surplus value to the value of labour power)

$$\varepsilon = s / v$$

**Organic composition of capital**  $\theta$  (ratio of constant capital to variable capital, or “mechanization”)

$$\theta = c / v$$

Divide the numerator and denominator of the rate of profit equation by  $v$ :

$$\pi = (s / v) / (c / v + 1)$$

$$\pi = (\varepsilon) / (\theta + 1)$$

### **The Labour Theory of Value: One Question, or Two?**

*Labour Process* → *Commodity (Labour Value)* → *Price*

1. Are prices derived from labour values?
2. Do commodities “have” a labour value?