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MARX AND HEGEL:

METHODOLOGY AND THE 'HISTORICAL TRANSFORMATION PROBLEM.'

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INTRODUCTION

The connection between Marx, Hegel and methodology is a well established one. It was however in many ways 'resurrected' in the wake of Engels' characterisation of the relationship, where there was made to appear a finality in the demise of classical German philosophy and the standing of Hegel 'on his feet'. The Phoenix which Engels claimed had arisen was variously described as "the materialist world-outlook", "the materialist standpoint" and "the materialist conception of history". However expressed, this represented a censorious attitude to all manner of 'speculations' in the realm of methodology and acclaimed a body of 'laws', or metascientific propositions such that all sciences, natural and social, deal ultimately with the same object, viz, 'matter in motion'. Engels' strongly 'materialist' methodology was inherited principally by both the Second and Third Internationals, blending with neo-Kantianism in the former and Feuerbachian dualism in the latter, with its tenet of two global trends, materialism and idealism, and where these were diametrically opposed. If methodological tenets, as they undoubtedly do, underlie forms of political and social practice, then this determinist and positivist interpretation of Marx's entire method with its emphasis upon unalterable stages of historical development, driven by a seemingly autonomous 'base', and of the suitability of the methodological model of the natural sciences for understanding these stages, produces a kind of political quietism. The active subject has

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been left out of account since there is no longer considered to be any need for the active intervention in the historical process. There is no requirement to consciously shape history, and reality itself, historical reality, is always simply 'presupposed' as given, never 'posited' by a creative subject. Kant's so-called 'materialism' is lauded to the present day in certain quarters where it is said to exist in the irreducibility he extended to the 'objective' in-itself, and in his dictum that existence cannot be a predicate. But social existence and social 'objectivity' are precisely predicated upon forms of social practice, are brought about by social labour as the active subject. Therefore what this 'materialist' methodology misses out is the creation of 'objectivity' and therefore the possibility of positing this 'objectivity' in accordance with a consciously premeditated plan. The creation of the object by the subject, the bringing of the object about, is Hegel's central message, which however is buried with him and not properly 'transcended' in Engels' vilification of all forms of "idealist crotchets".

The 'resurrection' referred to above may be said to originate in the 1920's in the works of Lukacs and Korsch, who themselves thereby founded a kind of 'tradition' in what has become known as "Western Marxism". This, in the words of Russell Jacoby:

"....shifted the emphasis of Marxism from political economy and the state to culture, philosophy and art".

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Although generally accepted, this typology, with its emphasis upon 'occidentalism' and its eschewing of political economy, leaves out of account such as Isaak Illich Rubin (1886-193?) who was Russian and with a decided methodological preference for Marx's political economy. Further, the reason for the uncertainty attaching to the precise date of Rubin's death has to do with the fact that he 'disappeared' from the land of the living in the early 1930's, having been accused by the soviet authorities of "Menshevizing Idealism" and "Hegelianism". In terms of his Hegelian emphasis alone, Rubin stands in somewhat the same relation to the Third International as Lukacs and Korsch stood to the Second. It is Rubin's attempt to combine Hegel's dialectical method with Marx's political economy that is the example that is followed here. It is therefore considered that it makes little sense to separate political economy from philosophy as Jacoby does, but rather to advocate and at least attempt, their synthesis.

The application to the subject matter of political economy of what Marx called Hegel's 'manner of working' will be illustrated in what follows principally by contrasting it to the treatment of the subject matter of political economy in the absence of Hegel's 'manner of working'. That Engels, and the 'historical transformation' thesis that he originated, should be the principal representative of this latter procedure raises important questions with respect to succeeding methodological practices within the Marxist canon itself. Therefore Engels and his 'thesis' are treated first in Chapter 1, where his response to the critics of the third volume of

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Capital is treated as decisive for further developments.

Chapter 2 traces one of the contemporary consequences of following Engels' example of treating the substance of value as simply labour, labour as such, with no further qualification. It will be shown that this view does nothing at all to dispel an 'embodied labour' theory of value, on the contrary, its whole emphasis suggests the substance of value is a 'physiologically' presupposed substance, and not one that is posited by a specific social form of labour or a specific form of social labour. A definite or specific form of labour cannot be developed out of 'labour' as such, because it is not contained within it, it is an 'abstract universal', whose very conceptual identity is based upon the negation of definiteness.

The question of contrasting methodologies is therefore present throughout what follows and may be said to culminate in Chapter 3 when one of the fruits of a non-Hegelian methodology - the 'transformation problem' - is treated as being symptomatic of just this failure to properly come to terms with the methodological relationship between Marx and Hegel.

CHAPTER ONE

ENGELS AND ABSTRACT LABOUR:

THE METHODOLOGICAL SOLUTION TO THE 'HISTORICAL' PROBLEM

"....Marx had to find out what value was..... He analysed labour's value-producing property and was the first to ascertain what labour it was that produced value, and why and how it did so. He found that value was nothing but congealed labour of this kind". 'Engels, 1977; p.16)

Engels says everything and nothing. Apart from crediting Marx with its discovery, neither here nor anywhere else does he say what abstract labour actually is. This fact, by itself, may serve as a reminder of the difficulty that exists in attempting to convey the meaning of abstract labour through definition alone. For example, Marx defines abstract labour as the 'substance' of value, but the term substance can be given a more or less 'naturalistic' or a more or less 'metaphysical' reading according to the particular author's understanding of Marx's labour theory of value. In this connection the very vacuity of Engels' statement is significant since it allows and remains compatible with the insertion of either of the above meanings.

It is different however when we come to the actual treatment of the categories. Here the concept of abstract labour that is held by a particular writer is revealed whether or not abstract labour has been defined beforehand and whether or not the concept has been expressly addressed. This is a consequence of the fundamental methodological significance of the concept as the basis of Marx's theory of value.

It must be of consequence for this theory of value and for the understanding of what have become its various 'traditions' to know what Engels' understanding of this fundamental category actually was, and the manner in which he communicated it. In this regard Engels himself may be said to have founded a 'tradition' since his views and their influence are apparent among many European pro- and anti-Marxists, as well as in the systematization of Soviet 'dialectics'.

Since however, it is upon the comprehension of the category 'abstract labour' that all understanding of the facts depends, then the theoretical rigour of any tradition must be assessed in relation to its grasp of the precise nature of the substance of value.

Engels' most comprehensive statement on the nature of value and its substance is contained in the Supplement he provided to Capital Vol. 3, and published in 1895. This appears one year before the publication of Bohm-Bawerk's critique of Marx's entire methodological 'system'. Hence Engels had no opportunity to reply directly to this criticism, having died just shortly before its appearance. What form this reply may have taken can best be estimated from what exists in the 1895 Supplement since this is itself the response to criticism of Marx's transformation procedure employed in Capital Vol. 3 and levelled by Werner Sombart and Conrad Schmidt.

Both Sombart and Schmidt addressed themselves to the conceptual status of the category 'value' and the manner of its derivation. Their conclusions, and Engels' response to them, inaugurates what has become known as the 'historical transformation problem'.

Although both Sombart and Schmidt were sympathetic to Marx, this did not stop them from being the first to raise the issue of the apparent 'contradiction' between the value - accounting procedure employed in Capital Vol. 1, and the exchange of commodities at 'prices of production', which deviated from labour-values, and employed in Capital Vol. 3. The fact that in the 'real' world commodities did not exchange according to their labour-values led both Sombart and Schmidt to conclude that value was somehow 'unreal' - a purely 'logical' category. In this manner what was seen as the discrepancy between volumes 1 and 3 of Capital came to be considered as the reflection of the gulf that separated theory and reality or between Marx's method and the actually existing subject to which that method was applied.

Bohm-Bawerk himself quotes Sombart to the effect:

"...that the Marxian law of value is false if it claims to be in harmony with experience... it never comes to evidence anywhere.... If we want to sum up the characteristics of Marx's value, we would say that his value is a fact not of experience but of thought".
(Bohm-Bawerk, 1949; p.102)

Schmidt too claims the law of value to be:

".... a pure, although theoretically necessary, fiction". (Marx, 1984; p.895)

Bohm-Bawerk takes much of this on board saying:

"Now Marx, instead of proving his thesis from experience.....prefers another line of evidence - the method of a purely logical proof".
(op.cit. p. 68)

However, being less enamoured of Marx than either Sombart or Schmidt, Bohm-Bawerk later qualifies the 'purity' of the logic which he had ascribed to Marx, saying:

"....it is a pretentious incursion into the domain of the actual". (ibid, p.112)

In the face of this type of criticism Engels chooses to attempt to vindicate the theory of value by illustrating its 'harmony with experience'. If the attacks of the critics are directed against the lack of purely empirical evidence for Marx's theory of value, then Engels sees it as his task to provide it. However, this evidence is not gleaned from the experience of 'modern bourgeois society', but from the period of 'simple commodity production'. He seeks to illustrate the workings of the law of value in its purity and before it is 'modified' by capitalism and the ensuing 'prices of production'.

What the 'logical' charge against Marx amounts to is that the methodology employed in Capital Vol. 1 does not transfer to Capital Vol. 3. Engels sees it as his task to remedy this. His understanding of this methodology thus becomes crucial, the more so since it will be accepted by many later critics as the 'standard' or 'traditional' Marxist response, that is, as a demonstration of what value and its substance are and how these concepts should be handled.

As indicated above, it is the publication of Capital Vol. 3 in the mid-1890's and Engels' response to the criticism this inspired which founded, along with so much else, the 'historical transformation problem'.

However, it seems that what comprises this question is only a 'problem' for those whom, like Engels, seek to establish the existence of a period in history when the exchange of commodities was regulated by labour-value, i.e. in accordance with the amount of abstract human labour they embodied. As Morishima and Catephores express it:

"Crucial in all formulations of the 'historical transformation problem' is the assumption of the existence of an epoch of simple commodity production... in which values approximated to the exchange ratios of commodities. Since under capitalism such ratios no longer conform to the labour content of goods, there must have been a period of historical transformation from the value to the price regime, when pre-capitalist economic formations were succeeded by capitalism".
(1975, p.31)

It is considered to be less of a problem for those, like the critics of the 1890's, simply deny the empirical evidence for the existence of a 'value-epoch' aware in a way that Engels was not that Marx addressed his analysis of value to the existing reality of capitalism and not to a hypothetical 'simple commodity economy'. As Bohm-Bawerk expressed it:

".... if Marx thought that he could find a reconciliation in the view that one proposition applied to primitive conditions and the other to developed modern society, we must point out to him that in the first chapter in his work he did not deduce his theory that value was wholly labour from a 'Robinsonade' but from the conditions of a society where 'a capitalist mode of production prevails'. (op.cit. p.99)

Engels' response to this would no doubt have been to point out that Marx's law of value was older than the capitalist mode of production, that it 'reflected' the historical course of the evolution of value up to the advent of capitalist society.

That the value which pre-exists capitalism, and whose existence Engels will evidence is the necessary historical precondition for the formation of the 'prices of production' and whose very existence depends upon the 'modification' of this prior existing 'value'. Thus value would have to be considered as forming an historical continuum which persists through change. Indeed this is already the substance of Engels' reply to the present critics as when he says of them that:

"Sombart as well as Schmidt..... does not make sufficient allowance for the fact that we are dealing here not with a purely logical process but with a historical process and its explanatory reflection in thought, the logical pursuance of its inner connections". (Marx, 1984; p.895)

It is worth noting here that twenty-five years earlier, in his review of Marx's 'Contribution' (1859), Engels gives a similar emphasis in his account of the derivation of the concept of value:

"The logical method of approach was therefore the only suitable one. This however, is indeed nothing but the historical method..... The point where this history begins must also be the starting point of the train of thought, and its further progress will be simply the reflection, in abstract and theoretically consistent form, of the historical course. Though the reflection is corrected, it is corrected in accordance with the laws provided by the actual historical course". (Marx, 1981b; p. 225-6)

A quarter of a century later "the starting point for the train of thought" will have become "the beginning of exchange which transforms products into commodities". In this regard too, Engels' view shows a remarkable degree of continuity over the years with regard to the derivation of the law of value and the point of departure for the methodological inquiry. He concludes the passage from the 1859 review as follows:

"With this method we begin with the first and simple relation which is historically actually available.... with the first relation to be

found.... an actual event which really took place one time or other". (ibid)

What Engels has just sketched over this quarter-century period is the theoretical delineation of 'the materialist conception of history', which phrase first sees the light of day in the 1859 text from which we have just quoted. The elaboration of this methodological starting point in the 1895 Supplement, coupled with Engels' conviction that he is outlining the perimeters of "the Marxian law of value", openly suggests, and often has been taken to mean, that Marx's starting point and that being outlined by Engels are one and the same. Engels defines the point of departure and the scope of the 'historical' method when he indicates the duration of the law of value:

"....the Marxian law of value holds generally.... for the whole period of simple commodity production, up to the time when the latter suffers a modification through the appearance of the capitalist mode of production.... the Marxian law of value has general economic validity for a period lasting from the beginning of exchange which transforms products into commodities.... down to the 15th century.... But the exchange of commodities dates from a time before all written history.... Thus the law of value has prevailed during a period of from five to seven thousand years". (Marx, 1984; p.889-900)

This is the manner in which Engels attempts to provide empirical evidence for the existence of value and thus re-unite theory and reality, deemed not to correspond by Marx's critics. Evidence for

the existence of a period of 'simple commodity production' thus becomes, simultaneously, evidence for the reality of value and before it is 'modified' by the advent of capitalism. In terms of the so-called 'contradiction' between Volumes 1 and 3 of Capital Engels resolves this by imputing that the period of simple commodity production coincides with the analysis conducted in Capital Vol. 1, and that the 'modification' of this historical period by capitalism forms the basis for Capital Vol. 3. This identification of the evolution of value and the actual historical course - and of this latter with the volumes of Capital, - is best illustrated by Engels use of the term 'reflection', considered in terms of 'correspondence', and in his proposition that the starting point for the analysis of value is "the first and simple relation which is historically actually available".

Engels' choice of starting point for the study of value and its changes is in sharp contrast to Marx's, which is contained in the 1857 Introduction. Here Marx says:

"In the succession of the economic categories, as in any other historical social science, it must not be forgotten that their subject - here, modern bourgeois society - is always what is given, in the head as well as in reality, and that these categories therefore express the forms of being, the characteristics of existence, and often only individual sides of this specific society, this subject". (1981a; p.106)

And again:

"..... in the theoretical method too, the subject, society, must always be kept in mind as the presupposition". (ibid.)

A consideration of these methodological strictures, and in the light of what Marx says elsewhere, leads to the position where the 'simple commodity economy' is considered as a theoretical abstraction of the fundamental value-relation between the producers in this specific society. When Marx says that the method reaches "low down" in the spheres of abstraction and then ascends to the more "real and concrete", this does not describe the historical process; as Marx says:

".... the method of rising from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces it as the concrete in the mind. But this is by no means the process by which the concrete itself comes into being". (1981a; p. 101)

Engels wants to show that the method of rising from the abstract to the concrete parallels the historical course. Thus the 'simple' or 'abstract' becomes for him "the whole period of simple commodity production" and the more "concrete" or more "combined" "the appearance of the capitalist mode of production".

But unlike Engels, Marx makes the distinction between reality, or 'social being' and the method most suitable to comprehend it in thought. This distinction is a crucial one since the process of rising from the abstract to the concrete, or from the simple to the combined, does not describe a historical process, but a rational one. Marx himself defines the core of the method as 'rational'. While the attitude of Engels suggests a kind of theoretical passivity in the face of "the laws provided by the actual historical course". His resolve to establish value as an empirical fact forces him onto an historical terrain, where he imagines this existence can be verified in its 'purity' and thus prior to its subsequent 'modification' by capitalism. To this end he seeks to demonstrate:

".... the significance of the law of value for the economic stages of society's development dominated by this law". (op. cit. p. 894)

This 'dispersion' of the law of value among various and diverse "economic stages" is tantamount to invalidating its identity as a category only of the most modern society, so that the only definition of the law of value that can tolerate this expansion is its broadest definition, i.e. that the value of a commodity is determined by the amount of human labour necessary for its production. This can be considered the broadest definition, not only because it takes in Marx's classical predecessors as well as Marx himself, but also, and because of this, it fails to specify above 'human' the specific social identity of the

labour which produces value. It is labour generally, abstract human labour. It is only by endowing the concept of the substance of value, abstract labour, with an exclusively natural-human content that one is able to shuttle the concept of value between various economic stages in the development of social production. All that value can have in common between these various stages cannot therefore be any specific social determination. It must therefore be the common character that these various economic stages share in that, whatever the form of social relations between the producers, their labours' are in each separate case essentially a productive expenditure of 'human nerves, muscles, brain etc.'.

There can therefore be little doubt that the search for an historical and empirical foundation for value must needs lead Engels away from the capitalist process of production itself, where 'prices of production' are in evidence, and to the historical process generally. He is thus forced to forego the 'real starting point', in his attempt to counter the charge that value has a purely 'logical' status. However, as we have shown, Engels has placed himself on old ground here. The centrality of the historical process for the theoretical method is described in Ludwig Feuerbach, where it is considered as the positive legacy of "the separation from Hegelian philosophy and the return to the materialist standpoint". Engel continues:

"This means that it was resolved to comprehend the real world - nature and history - just as it presents itself.... It was decided mercilessly to sacrifice every idealist

crotchet which could not be brought into harmony with the facts conceived on their own..... and materialism means nothing more than this".
(1968, p.168)

What Engels sees as the beneficial effect of the dissolution of the Hegelian system is elaborated still further when he says that it also entailed:

".....that dialectics reduced itself to the science of the general laws of motion, both of the external world and of human thought - two sets of laws which are identical in substance.....Thereby the dialectic of concepts itself became the conscious reflex of the dialectical motion of the real world and thus the dialectic of Hegel was placed upon its head; or rather turned off its head, on which it was standing and placed on its feet". (ibid. p. 619)

The situation where "the dialectic of concepts" becomes "the conscious reflex of the dialectical motion of the real world", may be considered as a restatement of Engels' 1859 position, already referred to, and where the historical point of departure "must also be the starting point of the train of thought, and its further progress will simply be the reflection, in abstract and theoretically consistent form, of the historical course".
(op. cit.) Hence if a proper understanding of value and its substance is to be "brought into harmony with the facts conceived on their own". Engels recommends that we resolve "to comprehend the real world - nature and history - just as it presents itself".

In this light it would be methodologically unthinkable for Engels to conceive of the model of the 'simple commodity economy' as designating anything but an actual state of affairs, or an economic 'stage' in the historical process. In Engels' scheme of things, from where else but history could it possibly derive? Yet in spite of this, and Engels' claim that the methodological priorities he is describing are "essentially connected with the name of Marx", Marx himself nowhere identifies the methodological starting point with 'the first and simple relation which is historically actually available'.

It is the adoption of this latter point of departure, and, in particular, the subsequent entailment that the model of the 'simple commodity economy' is 'historically' "actually available", which involves the loss of the specific social determination of value which Marx's analysis uncovers. The attempt to shift the functioning of the law of value to a pre-capitalist past forces the adoption of a definition of the substance or essence of value that is compatible with that provided by Marx's classical predecessors. In this connection Engels writes in the Supplement:

"The peasants of the Middle Ages.... were themselves workers.... what had they expended in making these products? Labour and labour alone: they spent nothing but their own labour-power; how then could they exchange these products of theirs otherwise than in the ratio of the labour embodied in them". (op. cit.)

And a little further on he mentions again:

"the whole period of peasant natural economy.... in which the exchanged quantities of commodities tend to be measured more and more according to the labour embodied in them". (op. cit. p. 898)

"Labour and labour alone" is the closest Engels ever comes to defining the substance of value. It is 'labour as such', labour, with no further qualification, human labour in general. Nor does Engels radically alter this definition of the substance of value when he leaves the Middle Ages and proceed to more recent times. We can see that Engels' definition, and as he allows it to stand, differs not at all from Adam Smith's when the latter writes:

"Labour alone therefore.... is the ultimate and real standard by which the value of commodities can be estimated".
(1981b, p. 59)

And the distinction between appearance and essence appears at first in Ricardo in the form of a question; he asks:

"What is in reality the foundation of the exchangeable value of all things?"

And Ricardo answers:

"The value of a commodity or the quantity of any other commodity for which it will exchange, depends on the

relative quantity of labour which is necessary for its production". (1951, p.11)

If we can proceed to establish precisely what it is that distinguishes Marx from his classical predecessors in terms of the 'substance' of value, we shall be in a better position to determine what it is that distinguishes Marx from Engels. It will be argued that the essential ingredient here is given by Marx himself in his letter to Engels of January 15th 1858, and where he informs Engels that "in the manner of working" he had been aided by Hegel's Logic which "by sheer good fortune" he had "leafed through".

We must now go on to consider this 'method of working' in order to illustrate the purely limited character of the conclusion that 'labour and labour alone' is the substance of value. This treatment will also attempt to demonstrate the unique character of Marx's concept of 'abstract labour' and its methodological significance for the whole discussion.

II

Marx's notion of scientific method as comprising two distinct phases - conceptual analysis and conceptual synthesis - follows Hegel's in the sense that what is to be considered 'true' or 'real' can only be arrived at, or 'worked-up', by a process of logical reasoning. Marx describes this dual movement as when:

"Along the first path the full conception was evaporated to yield an abstract determination; along the second, the abstract determinations lead towards a reproduction of the concrete by way of thought". (1981a, p. 101)

In this manner reality is 'grasped' or comprehended, because, in the movement just described, 'a chaotic conception of the whole' - which was the starting point for the analysis - gives way to the whole or reality perceived as "a rich totality of many determinations and relations, "and which forms the culmination of the conceptual synthesis. But Marx is careful to point out that external reality itself does not undergo any transformation in this, only that our manner of conceiving of it has altered. Reality itself "retains its autonomous existence outside the head, just as before".

Ten years later Marx describes the two-fold movement of the theoretical method in slightly different terms:

"..... the method of presentation must differ in form from that of inquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connection. Only after this work has been done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere a priori construction".
(1983, p. 28)

We shall see later that Marx's notion of 'the method of presentation' can be given an added dimension to incorporate further developments which however, do not alter the significance of the way in which it is used here. The synthesis then, or the 'method of presentation' is not an 'a priori' construction for the very reason that it is governed in its movement by the preceding analysis. This analysis is itself governed by empirical data because it is the analysis of a definite subject - the objectively existing concrete totality. Thus the synthetic movement is the reverse of, and mirrors, the analytical movement of 'descent' - it ascends the same path. In short, the dialectical synthesis is governed by the subject-matter, here 'modern bourgeois society'.

Marx's methodological distinctions between "moving analytically" and 'retracing the journey', and between the methods of presentation and inquiry, suggest a comparison with Hegel's differentiation of 'analytic' and 'synthetic' cognition and the corresponding distinction of 'Understanding' and 'Reason'. These twin concepts are applied in the realm of 'Essence', which comprises Book 11 of his Science of Logic. Here they operate when we wish to consider things as not simply 'given', immediately, but as founded on an underlying basis. Hegel describes it as:

"The point of view given by Essence is in general the standpoint of 'Reflection'. This word 'reflection' is originally applied when a ray of light in a straight

line impinging on the surface of a mirror is thrown back from it. In this phenomena we have two things - first an immediate fact which is, and the deputed, derivated or transmitted phase of the same.

Something of this sort takes place when we reflect or think on an object; for here we want to know the object not in its immediacy, but as derivative or mediated". (1982; p.208)

The point of view expressed by 'Essence' then is that where we seek to 'get behind' what is immediately presented to us in the external appearance of the object in order to discover some underlying 'cause' which explains why things appear as they do. Yet this procedure only describes the first movement of the method - from external reality to the underlying essence. This single movement corresponds to that undertaken by the classical economists in their attempt to establish the existence of an inner substance or essence which would explain the 'value' of commodities. This is the movement of analysis or of the 'Understanding', which travels backwards or downwards, as it were, in the attempt to secure an abstract determination for the way things appear as they do. However, and as we have noted, what Marx describes as the "scientifically correct method" demands a two-fold movement from an existing concrete subject to its abstract determinations and back again. So if we neglect the journey back, or the 'ascent', our method must be considered inadequate because incomplete. As Charles Taylor puts it:

"The one-sided view which takes into account only the movement to 'Essence' from external reality is an account which takes the observed properties of this external reality simply as given. Reflection is external, subjective, because it works on a datum which must simply be accepted, which cannot be seen as in any way determined..... hence this reflection not discovering any necessity in what it observes, must just postulate an underlying reality which it cannot observe..... Hence Hegel sees essence not just as that which one gets to from the external observable, which is shown to be non-self-subsisting. It is also the underlying necessity which makes the observed what it is". (1975, p. 258, my emph.)

Hegel also contrasts the movement of 'reflection' from object to essence with the subsequent dialectical synthesis in the following manner:

"Dialectic is different from Reflection. In the first instance Reflection is that movement out beyond the isolated predicates of a thing which gives it some reference and brings out its relativity, while still in other respects leaving it in its isolated validity. But by Dialectic is meant that indwelling tendency outwards by which the one-sidedness and limitations of the predicates of 'Understanding' is seen in its true light and shown to be the negation of them". (1892, p. 147)

It is obvious that when the analysis is originally undertaken we must simply presuppose the existence of the subject of our

investigation since it cannot yet be seen as 'caused' or posited by something deeper. The whole point of the analysis is to discover just this. The question then arises as to whether and to what extent the conclusion reached in the analytical movement can alter this state of affairs, i.e. can change our conception of reality so that it is transformed from being simply presupposed to being posited. In this connection the conclusion reached by Smith and Ricardo to some extent fails because it does not radically alter our conception of reality. When their analysis is concluded, the existing relations of production are not then conceived as being anything other than simply given in the form they had when the analysis was begun. When it is discovered that the essence of value is 'labour', then this conclusion is compatible with, and leaves extant, the existing social relations, since these are given a natural-human foundation in 'human labour in general' or simply 'labour'. 'Labour' as such, can only refer to the natural-physiological homogeneity of all of the different kinds of labour which together comprise the social division of labour. These existing social relations are thus considered to be true and 'adequate' manifestations of this essence and therefore do not require to undergo any alteration in the way in which they are presented to us. Hence what was simply presupposed, remains so.

It is in the course of Marx's own analysis that the conclusion reached by the classical economists is transcended and negated. This overcoming of the prior position is of pivotal significance

for Marx's analysis since it marks the point where analysis is turned into synthesis. The result of the negation of the earlier position is that the given subject is no longer seen as simply presupposed, but as 'posited'. What was presupposed as 'chaotic' now emerges as being 'posited' by inner-necessity. What exactly is the nature of this transcendence and negation which allows reality to emerge as 'comprehended' as opposed to being simply 'apprehended' as a pre-existing given? A clue to the answer was given earlier in the quotation from Taylor where, discussing the one-sided view that moves only from appearance to essence, he says that this viewpoint 'does not discover any necessity in what it observes'. Hegel refers to the essence as "the underlying necessity which makes the observed what it is". In this manner, in Marx's method, the existing social relations of production are now seen as being deployed by an inner essence or necessity which posits them. As Hegel remarks:

"Analytic cognition..... is the immediate relation... to the object; identity, therefore, is the determination that it recognises as its own, and analytic cognition is merely the apprehension of what is. Synthetic cognition aims at the comprehension of what is, that is, at grasping the multiplicity of determinations in their unity... Hence its aim is in general necessity... Now synthetic cognition passes over... from abstract identity to relation". (1968; p. 794)

Hence when Marx says that:

"The concrete is concrete because it is the concentration of many determinations, hence unity of the diverse". (1981a; p. 101)

then this unity, this relatedness, is provided by necessity. Things cohere as related because they are manifestations of relations that must transpire. What renders the concrete 'concrete in thought' is the comprehension of reality as the adequate manifestation of inner necessity. In the full meaning of Essence then - which comprises both analysis and synthesis - Essence:

"... must be understood not just as a movement of reflection from the external which is seen as given, and hence presupposed, to a posited substrate; but also in a movement from the underlying necessity, which can thus be thought of as 'positing' the external observable". (Taylor, op. cit. p. 259)

The "chaotic conception of the whole" has now finally given way and is superseded by a coherent conception where the whole is seen as 'brought about'. In Hegelian terms, it is now seen as having a Reason for its existing in the very manner that it does. In this way it is 'grasped' in its essence, as opposed to simply reflected upon and accepted. This is 'scientifically correct' and is precisely what is 'rational' in Hegel's method. Marx remarks of the dialectic:

"In its rational form it is a scandal and abomination to bourgeoisdom..... because it includes in its comprehension and affirmative recognition of the existing state of things..... the recognition of the negation of that stage".
(1983; p. 26)

And one of the declared 'friends' of the Hegelian dialectic - Lenin - remarks when he is considering "mans ever deeper cognition of the objective connection of the world", that:

"Here is where one should look for the true meaning, significance and role of Hegel's Logic. This N.B. Marx applied Hegel's dialectics in its rational form to political economy". (C.W. Vol. 38, p. 178)

And when Marx speaks of the 'affirmative recognition' of the existing state of things he can only mean that we know the reason why things are deployed as they are; we comprehend the necessity of this deployment.

Before we go on to discuss Marx's own notion of this reason 'why', and therefore his own identification of that inner necessity, we must first consider in more detail the conclusion of Smith Ricardo and which Engels does not radically distinguish from Marx's own.

We have shown earlier by the use of quotations that 'labour', in general, or human labour considered in the abstract, is considered by Smith and Ricardo to be the 'cause' of 'value'.

Marx does not overcome this conclusion simply by referring to the 'labour' discovered by Smith and Ricardo to be at the root of value, as 'abstract human labour'. In some versions of Marx's theory of value the overcoming of Ricardo by Marx is presented as though Ricardo did not have a name for his disclosed 'essence' apart from simply 'labour'. Marx's contribution is then seen to consist of having qualified this 'labour' further as 'human labour in the abstract'. But Ricardo himself treats labour as 'abstractly human' without being aware of it. And were he informed of this fact, and told to refer to the substance of value in future as 'abstract human labour' it would not transform his theory into Marx's. As the latter says of the Classical school of political economy:

"... it has not the least idea that when the difference between the various kinds of labour is treated as purely quantitative, their qualitative unity or equality, and therefore their reduction to abstract human labour is implied". (1983; p. 84)

As was said above, if Ricardo were informed of this implication it would be perfectly compatible with the rest of his theory if he accepted the new designation, since 'abstract human labour' is susceptible to purely quantitative variation.

Both 'labour' and 'abstract human labour' are identical because equally suited to an 'embodied' labour theory of value. And when Ricardo remarks that the 'value' of a commodity "depends upon the difficulty or facility of production" it is clear that

that by 'value' he understands 'magnitude of value' for which preoccupation abstract 'human labour in general' is ideally suited. The same is true of Smith. "Labour alone" and 'abstract human labour' refer to the same physiological 'substance' insofar as it can be measured as an 'input' at the point of production, and that is all that is required to constitute an embodied labour theory of value. The whole edifice of Ricardo's system rests upon an embodied labour theory of value and is not overcome by changing the names of its constituents when they perform precisely the same function within this system.

What really distinguishes Marx's theory of value and his concept of abstract labour from Ricardo's is that in the latter theory no reason is given for the products of labour having the form or 'quality' of 'value' in the first place. It cannot be found in the accounts of either Smith or Ricardo as to why it is of the essential nature of 'labour' to manifest itself as 'value'. Labour and value are simply identified as occurring at the same time, and the individual in their works is, always and everywhere, in possession of 'exchangeable value' as the manner in which he relates himself to other individuals. The concept of value is given a purely 'natural' foundation when it has 'labour', with no further qualification, as its substance. From Engel's point of view - and those who subscribe to it - this natural foundation is to be envied, and the attempt is made to secure a similar foundation for Marx's theory and thus collaborate what is considered his 'materialist' methodology. In reality,

for Marx value has a "purely social reality", and he says of Smith and Ricardo:

"In this society of free competition the individual appears detached from the natural bonds etc. which in earlier historical periods made him the accessory of a definite and limited human conglomerate. Smith and Ricardo... in whose imaginations this 18th century individual appears as an ideal, whose existence they project into the past. Not as a historic result but as history's point of departure. As the Natural Individual appropriate to their own notion of human nature, not arising historically, but as posited by nature".
(1981a; p. 83)

Hence although Marx is fully appreciative of Adam Smith's "immense step forward" in reducing all forms of labour to labour generally, and recognises the positive aspect of Ricardo's approach of contrasting a theoretical model which abstracted from the complexities of an actual economy in the attempt to reveal the major influence of 'labour' within it, he also appreciates their methodological one-sidedness. If we consider this one-sidedness of the classical economists to be the result of the fact that their analysis does not produce a subsequent 'synthesis', and where our conception of reality is altered, it can be shown that this again is a consequence of the fact that they lacked any notion of inner necessity in the relation between labour and value. Marx makes precisely this point when he says that:

"Political economy has indeed analysed, however incompletely, value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product".
(1983; p. 85)

No reason is given; it is simply accepted that it is so.

As Stace remarks in another connection:

"This is a fact which simply is. We cannot see why it must be. It dogmatically asserts itself in the world without giving any reason for itself. It is so, and that is an end of the matter... If instead of being a mere fact we could see that it is a necessity; if we could see the reason of it, and that it follows from that reason... we should understand it. It would be explained". (1955; p. 54)

What makes the dialectical synthesis possible, so that it follows from the results of the analysis, is precisely that reality is comprehended as posited by necessity, and that its relations are necessary relations. In the synthesis we therefore know why labour takes the form of the value of the products of labour. Classical political economy presents only a one-sided analysis and is therefore deficient. For, as we have seen, to be complete, an explanation must be complete in the sense that one can no longer ask 'why'. We know that in the analysis we are compelled

to just accept what exists as simply 'given'. But if the conclusion of the analysis does not disclose that this reality can be presented as the form of expression of an inner necessity, then it retains this 'givenness' and 'once-for-all' character. Marx says in this connection that:

"Smith and Ricardo... treat the form of value as a thing of no importance.the reason for this is not solely because their attention is entirely absorbed in the analysis of the magnitude of value. It lies deeper. The value-form of the product of labour is not only the most abstract, but is also the most universal form, taken by the product in bourgeois production, and stamps that production as a particular species of social production, and thereby gives it its special historical character. If then we treat this mode of production as one eternally fixed by nature for every state of society, we necessarily overlook that which is the differentia specifica of the value form, and consequently of the commodity form, and of its further developments, money-form, capital-form etc..".
(1983; p. 79)

Engels¹ too masks what is specific about the value-form of the product of labour by pushing its existence back 5-7,000 years. Obviously, the recognition of what is specifically different about the value-form is precisely what is singular about it, i.e. that the subject of the analysis, 'modern bourgeois society', is but a particular expression of social production in general, and therefore it is by no means the only manner of expressing the same inner necessity which is a feature of other forms of

specificlaly social production. Marx comments that:

"... the capitalist process of production is a historically determined form of the social process of production in general. The latter is as much a production process of material life as a process taking place under specific historical and economic production relations... For the aggregate of these relations, in which the agents of this production stand with respect to Nature and to one another, and in which they produce, is precisely society, considered from the standpoint of its economic structure".

(1984; p. 818)

This characterisation of the capitalist relations of production as but a particular species of social production, leads us to consider Marx's own notion of the inner necessity which deploys these relations.

In his famous letter to Kugelmann of 11th July 1868, Marx expresses his own view of this necessity in the following manner:

"... even if there were no chapter on 'value' in my book, the analysis of the real relationships which I give would contain the proof and demonstration of the real value relation... the masses of products corresponding to the different needs require different and quantitatively determined masses of the total labour of society. That

this necessity in the distribution of social labour in definite proportions cannot possibly be done away with by a particular form of social production but can only change the form in which it appears, is self-evident. No natural laws can be done away with. What can change, in historically different circumstances, is only the form in which these laws operate".
(1962; Vol. 2, p. 461)

The content of the dialectical synthesis is precisely the demonstration of the form in which these necessary laws operate or manifest themselves in capitalist society. The subject of the inquiry is now treated as a specific form of social production and as a specific example or expression of the fact that all specifically social production, always and everywhere, requires qualitative and quantitative regulation. The transformation of analysis into synthesis is impossible for Smith and Ricardo because what they fail to see is just that the capitalist system of production is but a particular form of the social process of production in general. And social production itself, by its very nature, demands necessary relations and functions if it is to cohere as precisely a system of social production. The life-process of society demands that men enter definite relations which are independent of their will because necessary and essential for the reproduction of themselves at all. This is why Marx begins the 1857 Introduction with "socially determined individual production". Yet Marx later changes and omits this starting point in the Contribution (1859), and in Capital Vol. 1 (1867). Marx

gives the reason for this as:

"... on further consideration it seems to me confusing to anticipate results which have still to be substantiated". (1981b; p. 19)

Still, 'socially determined' individual production is precisely what is required if Marx's notion of necessity is to be a valid one.

What replaces this original starting point is the analysis of the 'commodity', which is immediately more 'actual' or more concrete than the previous point of departure since the 'social' determination of individual labour is still to be established. Yet what the analysis of the commodity immediately reveals is precisely socially determined individual production. The reason for this is in the nature of the underlying necessity as the need for the qualitative and quantitative interconnection of labour as social labour. And this necessity is to manifest itself in a society where individuals have all-round independence on one another while, at the same time, being autonomous and private individual producers. That in the face of a society of individuals who are separate and formally independent from one another, and who are autonomous in the management of production, the necessity for the different and quantitative proportionality of social labour "cannot possible be done away with". Hence

when the commodity is analysed, it is precisely this duality in the nature of the labour of the individual, as being synonymously individual, or private, and social, which is disclosed in the product of this labour being the immediate unity of use-value and exchange-value. In this specific social form of the labour of the individual, where the commodity is the universal form of the product of labour:

"... the labour of the individual producer acquires socially a two-fold character... the social character that his labour has of being the equal of all other particular kinds of labour takes the form that all the physically different articles that are the products of labour, have one common quality, that of having value". (1983, p. 78)

Marx speaks here of the social character of the equality of labour, i.e. of the fact that the labour of the individual is 'equally' a manifestation of the labour of society, of social labour. The labours of all of the individuals are qualitatively equal to this extent. Thus equality of labour for Marx has a social, as opposed to a natural-physiological, foundation. And when Marx talks of this equality "taking the form of" the "value" of the products of labour, then value must be considered as the expression of this social equality of labour and regarded as its form of appearance in capitalist society. Thus:

"A commodity is therefore a mysterious thing, simply because in it the social character of mens' labour appears to them as an objective character stamped upon the product of that labour... a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things". (1983; p. 77)

For Marx then, the value-form of the product of labour represents a transference of qualities, where the social character of the equality of the labours is transferred to the products of labour equally assuming the form of being 'values':

"... considered as values, all commodities are qualitatively equal and differ only quantitatively... Value is their social relation, their economic quality". (1981a; p. 141, my emphasis.)

The labour that value represents then is 'social' labour, or the necessary and inevitable expression of the social character of the labour of the individual in the specific historical circumstances of the capitalist relations of production. Here the labour of the individual is immediately private and has still to express its qualitative equality with every other kind of labour, to the extent that these too are expenditures of social labour. This lack of the immediate presence of 'sociality' in the labour of the individual, means that mediation is required in order to express the social character of his labour. Marx contrasts the manner of this mediation with a social system where

individual production has 'immediately' a social or communal character, and says that, in this latter case:

"... it would not be exchange which gave labour its general character, but rather its presupposed communal character would make the product into a communal general product from the outset... The labour of the individual is posited at the outset as social labour. Labour on the basis of exchange values presupposes, precisely that neither the labour of the individual nor his product are directly general; the product attains this form only by passing through an objective mediation, by means of a form of money distinct from itself". (ibid, p. 172)

This necessity for mediation presents the labour of the individual in a distinct guise. When Marx says here that it is 'exchange' which gives labour its general character it recalls his comment in Capital, that:

"... whenever, by an act of exchange, we equate as values our different products, by that very act, we also equate, as human labour, the different kinds of labour expended upon them". (1983; p.78)

And again, that:

"... the labour of the individual asserts itself as a part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers". (ibid.)

If the labour of the individual producer only allows its social character to be manifested "by means of the relations which the act of exchange establishes directly between the products" then, as a consequence, this social character appears as its' general human character.

Thus when we said earlier that Ricardo's theory of value does not become Marx's by means of simply re-defining his category of 'labour', so here too: Value is not the manifestation of the ostensible and original 'human' character of labour, but the expression of its social character, of the social character of its equality with every other kind of labour. And in the conditions of the capitalist relations of production this equality can only be expressed in the products of labour assuming the form of having 'value'. Hence it is the process of exchange itself which causes this social character of this equality to appear as its natural human quality. Overall then, the fundamental condition, that which renders or is the 'reason' for the appearance of the social character of 'labour as its' abstractly 'human' character, is the fact that:

"... the reciprocal and all-sided dependence of individuals who are indifferent to one another, forms their social connection..." (Marx, 1983; p. 156)

The appearance of social labour as abstract labour is therefore the specific result of the universal exchange relations of capitalist society. This means that it does not pre-exist this

specific society as a perennial 'cause' or creator of value. This latter is an historical and naturalistic viewpoint where the equality of labour - its qualitative identity - is taken for granted as a natural quality or propensity of labour, and which therefore requires no further analysis.

The classical economists simply assume this qualitative identity as natural, and proceed to make central to their further investigations the 'magnitude' of value, considered as the direct embodiment of this 'essential' substance: 'labour'. Marx, as we know, carries his analysis further than his predecessors, to the point where he can conclude that:

"From the analysis of exchange value it follows that the conditions of labour which creates exchange value are social categories of labour or categories of social labour, social however not in the general sense but in the particular sense, denoting a specific type of society... In exchange value the labour time of a particular individual is directly represented as labour-time in general, and this general character of individual labour appears as the social character of this labour". (1981b; p. 31)

This conclusion, that the general, abstract character of labour, is but the form of expression of its social character, is what takes Marx's analysis of value beyond that of his classical predecessors and allows of the transformation of analysis into synthesis. Concerning the conceptual analysis, it is "only after

this work has been done" that Marx proceeds to present the unfolding of the life of the subject in a dialectical synthesis which is informed by the discovery of the real nature of value-creating labour. And this real nature - expressed as the 'two-fold character' of labour - is the result of the necessity for the labour of the individual to express its social character. Marx compares the result of his own analysis with that of his predecessors when he says that he has himself shown:

"... that the analysis of the commodity in terms of 'labour' has been carried out only imperfectly and ambiguously by all previous economists.

It is not sufficient to reduce the commodity to 'labour', labour must be broken down into its two-fold form... the economists constantly lapse into contradictions and ambiguity, even Ricardo, because they have failed to work out a clear analysis of the commodity in terms of the dual form of labour". (1979; p. 995)

The dual form of labour then, has a 'pivotal' significance in Marx's analysis because it negates and transcends the earlier position which says that 'labour' in general is the substance or essence of value. Marx's own attitude to physiologically equal labour, or human labour in general, is expressed when he says:

"In each social form of labour the labours of the different individuals are related to one another as human labours too [i.e. it is a physiological fact] but in this case this relating itself counts as the specifically social form of the labours. Now none of these private labours in its natural form possesses this specifically social form of abstract human labour, just as little as the commodity in its natural form possesses the social form of value".
(1972; p. 32)

In the previous analysis of the classical economists, a physiological connection between labours had been substituted for a social one. Here Marx shows that the former is only the manner of expression of the latter, that in the capitalist society this is the form in which the necessary social connection expresses itself.

The dialectical synthesis then, comprises the tracing of the development of this specific social connection of private labours and the different and succeeding forms of its expression. With this polarity as his foundation it is clear that Marx does not begin his analysis with 'the commodity' in general, the point of departure is not with any commodity, but with the capitalistically produced commodity. For it is only this specific form of the commodity, as the universal form of the product of labour, that can possibly contain the specific contradiction where the universally social and general is the polar opposite of the private and individual. The methodological terrain must

be delimited in this manner if Marx's conception of value-creating labour is to be kept distinct from Ricardo's.

Engels writes as though Marx had in fact begun his analysis with the commodity 'in general'. The result is that the conclusion of the conceptual analysis, which pivots and forms the starting point of 'the method of presentation', is taken to be the commodity as it was present in the period of 'simple commodity production', or of the commodity as it has existed 'historically'. This trans-historical treatment of value has the result that the definition of that labour which posits value loses its definite historical moorings and we must drift towards a physiological conception of abstract labour. Only this latter conception possesses the requisite historical mobility and universal applicability that is required for Engels' "historical" treatment.

Nothing could be more misleading than to identify the methodological point of departure with 'the first and simple relation which is historically actually available'. Whatever Engels envisages this 'first and simple' relation to be, it is not that universally social relation which is the necessary presupposition in reality for the disclosure of the true nature of value. If the attempt were made to take this methodological lead seriously, then one could be forgiven for assuming that Marx's initial analysis of the commodity at the start of Capital has to do with it as it presents itself 'historically', i.e. during a period of from 5 to 7,000 years, rather than as it presents itself as the result

of the analysis of the subject of the inquiry - "modern bourgeois society".

In this analysis Marx does not dissolve the existing subject into the elements of its own prehistory, so that the analysis of value - as opposed to that of the 'prices of production' - properly belongs to the period of the 'simple commodity economy'. And when Marx assumes at the outset that commodities exchange at their values, this is not an 'historical' deduction, but a theoretical abstraction of the fundamental value-relation between the owners of commodities in the existing capitalist society.

Therefore the result of the analysis, and point of departure for the conceptual synthesis, are the abstract determinations of this specific society, so that what is being dealt with is its' commodity, and therefore its' specific form of contradiction: the two-fold character of labour.

When Marx describes this two-fold character of labour at the beginning of Capital, then this characterisation of the labour which produces commodities could be seen to apply to pre-capitalist epochs only if we assume a physiological conception of abstract labour. This methodological inference itself, that Marx's analysis begins with the commodity 'in general', jettisons the specific social determination of value so that Capital 1 appears as merely a rehash of Ricardo's Principles.

Therefore to argue for the existence of a pre-capitalist 'value-epoch', or attempt to give an 'historical' dimension to the 'transformation problem', is, at the same time, to saddle Marx with a conception of the substance of value which differs not at all from that of his classical predecessors. This approach can only suggest itself when the dual movement of conceptual analysis and conceptual synthesis, utilised by Marx as "the method of working", and adopted from Hegel's Logic, has been ignored.

III

When the subject of the investigation, which was merely presupposed as given in the first movement, is seen as 'posited' in the second, then something must be uncovered by the analysis which allows it to transcend this simply given and to comprehend it as 'brought about'. The analysis of value undertaken by the classical economists did not provide a conceptual 'axis' for the transformation of analysis into synthesis because this analysis concluded with a bare 'identity' of labour with value. Nothing could therefore be shown or presented as having developed out of struggle and contradiction. Marx provides this latter condition because, as he says:

"I was the first to point out and examine critically the two-fold nature of the labour embodied in commodities... this point is the pivot upon which a clear comprehension... turns". (1983; p.49)

Thus the immediate identity of labour and value is left behind and transcended in the discovery of the 'two-fold character of labour' which is the determining social characteristic of labour which produces value. Hegel remarks in this regard:

"It has been remarked that analysis becomes synthetic when it comes to deal with determinations that are no longer posited by the problems themselves. But the general transition from analytic to synthetic cognition lies in the necessary transition from the form of immediacy to mediation, from abstract identity to difference". (1969; p. 793)

In order to discover precisely where 'abstract identity' becomes 'difference' and immediacy gives way to mediation it will be useful to look at Marx's analysis at that point where it reaches and goes beyond that of Ricardo. In the course of his analysis, Marx reaches agreement with Ricardo that:

"... a commodity is exchange-value in so far as a definite amount of labour-time has been expended in its production and it accordingly represents materialised labour-time". (1981a; p. 43)

But Marx immediately follows this, and thereby pushes beyond his predecessor, when he states:

"Yet the commodity as it comes into being is only materialised individual labour-time of a specific kind and not universal labour-time. The commodity is thus not immediately exchange value but has still to become exchange value... The point of departure is not the labour of individuals considered as social labour, but on the contrary, labour which proves that it is social labour only by the supersession of its original character... social labour is not a ready-made prerequisite but an emerging result". (ibid.)

In other words, the labour of the individual is not immediately abstract labour but has still to become abstract labour. As Marx expresses it elsewhere:

"Since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer's labour does not show itself except in the act of exchange... Hence... whenever, by an act of exchange, we equate as values our different products, by that very act we also equate, as human labour, the different kinds of labour expended upon them. We are not aware of this nevertheless we do it". (1983; p. 77-8)

The point however is not to make us aware of just this fact, and by so doing, end the 'fetish' character of the products of labour, or the domination of man by objects. The result of the revelation that commodities are merely objectified husks of homogeneous human labour does not, in itself, break the causal connection between this human labour and value. Marx remarks in this context:

"The fact, that in the particular form of production with which we are dealing, viz., the production of commodities, the specific social character of private labour carried on independently, consists in the equality of every kind of that labour, by virtue of its being human labour, which character, therefore, assumes in the product the form of value - this fact appears to the producers, notwithstanding the discovery above referred to, to be just as real and final, as the fact that, after the discovery by science of the component gases of air, the atmosphere itself remained unaltered".
(ibid, p. 79)

All that the discovery that the value-substance is human labour amounts to then, is that the point of departure is considered to be precisely that the labour of individuals is considered to be, immediately, social labour, or, that its generic character is its value-creating character. On the other hand, what the transition from identity and immediacy to difference and mediation signifies is that it is the result of a capacity of value to render human labour in general as the immediate form of appearance of the social character of labour.

The transition from the form of immediacy to mediation also signifies that the value of the product of labour is conceived of as the 'result' of the exchange process, which takes place outside of the process of production, and is not a prerequisite for the act of exchange, determining its proportions.

As well as reflecting the change from a 'ready-made prerequisite' to an 'emerging result', the transition from identity and immediacy to difference and mediation also registers the methodological transfer from conceptual analysis to dialectical synthesis. Hence when we spoke earlier of the necessity for the social character of the labour of the individual to express itself, now, given the disclosure of the two-fold character of labour, we must consider that necessity as having to express itself in the midst of difference and as therefore occasioning the subsequent need for mediation. What drives the dialectical synthesis, or forms the core of its content, is precisely what the two-fold character of labour expresses: contradiction. Contradiction was the result that was unavailable to the classical economists because their conclusion was in terms of immediate identity. Identity has a powerful attraction conceptually, appearing inviolable. But, as Hegel remarks of identity:

"... it is one of the fundamental prejudices of logic as hitherto understood and of ordinary thinking, that contradiction is not so characteristically essential and immanent a determination as identity; but in fact, if it were a question of grading the two determinations and they had to be kept separate, then contradiction would have to be taken as the profounder and more essential determination. For as against contradiction, identity is merely the determination of the simple immediate, but contradiction is the root of all movement and vitality; it is only in so far as something has a contradiction within it that it moves, or has impulse or activity". (1969; p. 439)

The difference between 'labour' pure and simple, and that labour which possesses a two-fold character, resolves itself into the difference between identity on the one hand, and contradiction on the other. Hence at the very inception of the dialectical synthesis, indeed what makes it possible at all, is the two-fold character of labour, considered as:

"... the abstract and general form of all contradictions inherent in the bourgeois mode of labour". (Marx, 1981b; p. 96)

It is the tracing of the development of this contradiction from its abstract and general form to its concrete and particular manifestations in modern capitalist society which marks the synonymous process of synthesis and comprehension of the subject.

This transition from identity to difference must also accomplish that from immediacy to mediation, and from what has been said already it is clear that:

"... this contradiction between the commodities particular natural qualities and its general social qualities contains from the beginning the possibility that these two separated forms in which the commodity exists are not convertible into one another... By existing outside the commodity as money, the exchangeability of the commodity has become something different from and alien to the commodity, with which it first has to be brought into relation, to which it is therefore at the beginning unequal; while the equation itself becomes dependent on external conditions, hence a matter of chance". (1981a; p. 148)

This circumstance allows Marx to speak of:

"... this unity of production and realisation, not immediately but only as a process, which is linked to certain conditions, and, as it appeared, external conditions". (ibid, p. 407)

The absence of necessary mediation is evident in both Smith and Ricardo in the way that they conceive of labour only in the 'positive' sense of being immediately the generator of value, and therefore where labour is identified with only one term, as it were, the 'affirmation'. Therefore this perspective cannot encompass the 'denial', as when, for purely "extrinsic" reasons, and outside of the process of production itself, the product cannot be realised as a value. The maturation and development of the contradiction contained in the commodity and depicted in the dialectical synthesis enables Marx to observe:

"... within bourgeois society, the society that rests on exchange value, there arise relations of circulation as well as of production which are so many mines to explode it. (A mass of antithetical forms of the social unity, whose antithetical character can never be abolished through quiet metamorphosis. On the other hand, if we did not find concealed in society as it is the material conditions of production prerequisite for a classless society, then all attempts to explode it would be quixotic)". (ibid, p. 159)

The standpoint of 'quiet metamorphosis' is encouraged by the identification of labour and value, or by the formulation of an 'embodied' labour theory of value, since it entails definite consequences concerning the 'antithetical forms of the social unity', or lack of it, as is the case here. We can see at once that the causal connection of labour and value, which is the core of all embodied labour theories of value, destroys the contradiction contained in the two-fold character of labour and thereby renders what is essentially in conflict as though it had escaped it. Here the point of departure is the labour of the individual considered as abstract, and therefore, inevitably, social labour. The value-creating propensity of 'labour' is considered as a prerequisite, rather than as 'an emerging result'. Marx says of John Gray, a labour-money theorist, and therefore someone for whom the immediate labour of the individual is not to be distinguished from social labour, that:

"... he assumed that commodities could be directly compared with one another as the products of social labour. But on the basis of commodity production labour becomes social labour only as the result of the universal alienation of individual labour. But as Gray presupposes that the labour time contained in commodities is immediately social labour time, he presupposes that it is communal labour time, or labour time of directly associated individuals. In that case it would indeed be impossible for a specific commodity to confront other commodities as the incarnation of universal labour, but neither would use-value be turned into exchange-value and the product into a commodity, and thus the very basis of bourgeois society would be abolished".
(1981b; p. 85)

The very basis of bourgeois society is 'abolished' by an embodied labour theory of value because it is here invested with an inherent stability which it cannot possess, being ascribed characteristics which properly belong to a planned economy. The reason for this is that this theory necessitates the coincidence of individual and social expenditures of labour because abstract (social) labour is deemed to exist in the process of production itself. It is therefore impossible for an embodied labour theory of value to properly address either the inherent problems of capitalist society itself, and which relate to the possibility of crises, or those which refer to its theoretical comprehension e.g. the 'transformation problem', because:

"... if it is assumed that the contradictions existing in bourgeois society do not exist, then these contradictions obviously cannot come into play".
(Marx, 1972; p. 55)

And directly related to this is:

"Boisguillbert's work, which proves that it is possible to regard labour-time as the measure of the value of commodities while confusing the labour which is materialised in the exchange value of commodities and measured in time-units with the direct physical activity of individuals". (ibid, 1981b; p.55)

This identification of the qualitative and quantitative determination of value with physical expenditure is not expunged from Marx's

contribution by Engels' attempt to articulate and to defend it. For example, Boisguillbert regards 'labour' as being inherently productive of value. This being the case and, rather in the manner of the 'time-chitters', he inveighs against 'money' as an alien intruder and a 'usurper' which has been introduced into the realm of exchange from outside. It is something akin to this fundamental reservoir of 'labour' that Bohm-Bawerk and the other critics of Marx envisage as the foundation upon which he constructs his labour theory of value. Believing that when Marx spoke of the substance of value he was referring to a 'sense datum' then the theory of value was rejected on the basis that evidence for the existence of this substance could not be demonstrated in the relation between commodities and the prices for which they exchanged. Engels does nothing to correct this naturalistic interpretation of the substance of value. Indeed his response to the critics of the 1890's is precisely to attempt to prove the existence of this very substance. As well as doing nothing to hinder the development of an embodied labour theory of value, Engels' response also sanctions that point of view which characterises the relationship between Marx and Ricardo as forming a continuum rather than as the former signifying a negation and transcendence of the latter contribution. Marx says that Ricardo:

"... does not examine the form of value.. He only examines the magnitude of value, the quantities of this abstract, general, and in this form, social, labour". (1972; p. 172)

This is related to the earlier point concerning the supposed 'liberating' effect of the disclosure that, insofar as they are values, commodities are merely objectified husks of homogeneous human labour. With the expression "abstract, general, and in this form, social labour" Marx is indicating that in capitalist society something happens to the identity of labour when it assumes a social form - it becomes abstract and general. But can labour be 'general', or possess a general social validity without, at the same time and as a necessary consequence, having to be rendered as abstractly human? It may be that to those who hold to a physiological conception of abstract labour it is inevitable that to be considered social labour at all individual useful labour must relinquish its definite concrete character and be expressed 'abstractly'. And, that, rather than have this general 'human' quality of labour expressed as value, Marx's theory allows us to demystify this appearance and locate this 'substance' of value where it truly belongs, i.e. in man's essential humanity.

Marx's description of abstract labour as social labour only seems to have been accepted here, or is accepted in a manner that is reminiscent of Feuerbachian humanism. That abstract human labour is the form of expression of the general social quality of labour which emanates from a specific set of social relations, those relations which are the foundation of capitalist society, has been overlooked here. It is not necessary that the

labour of individuals lose its individual identity in order to achieve a social expression, as Marx says:

"... from the moment that men in any way work for one another, their labour assumes a social form".
(1983; p. 76)

This is the primary feature of that inner-necessity which deploys social relations, but it does not entail that labour always assumes the same social form, so that the negation of its concrete useful forms is inevitable. For example, in the primitive communal production, or in the socialist society of the future, the useful concrete character of labour is its social character; here labour is social precisely because it is different. The type of equality of labour that Marx refers to as forming the substance of value, and which causes this equality to be in terms of its identical and abstractly human character, presupposes two things:

"... (1) That individuals now produce only for society and in society; (2) That production is not directly social, is not the 'offspring of association' which distributes labour internally. Individuals are subsumed under social production; social production exists outside them as their fate; but social production is not subsumed under the individuals, manageable by them as their common wealth". (1981a; p. 158)

Those exchange relations which exist and take place prior to the capitalist system of production, and which are referred to by Engels as evidence for the existence of value, are not engendered by individuals who only produce for society, and therefore their analysis cannot disclose a social relation. And since value is a social relation in the form of a thing, its existence and the existence of its substance cannot be derived from the investigation of these pre-capitalist exchange relations.

Marx, as opposed to Engels, does not examine exchange relations as such, but only those which take place in the subject of his investigation. The element of necessity, of the need for social cohesion or proportionality, being established and maintained through and by means of exchange transactions, is entirely missing in the pre-capitalist past. Prior to the advent of capitalism it is only in the communal production of antiquity that social qua social labour is exemplified. And what distinguishes communal production - whether this refers to 'the dawn of history' or to socialist society - is the absence of mutually independent labours, i.e. the fundamental condition for the appearance of the social character of labour as its abstractly human character.. Marx makes this contrast, and the form of manifestation of inner-necessity, when he writes:

"Where labour is communal, the relation of men in their social production do not manifest themselves as 'values of things'. Exchange of products as commodities is a method of exchanging labour, it demonstrates the dependence of the labour of each

upon the labour of others and corresponds to a certain mode of social labour or social production". (1972; p. 129)

This is expressed elsewhere as:

"... reciprocal dependence... expressed in the constant necessity for exchange and in exchange as the all-sided mediation". (1981a; p. 156)

It is this necessity for all-sided mediation which discloses the social character of private labour. Engels shows that he has no notion of this social essence of value by, among other things, failing to notice that whereas in capitalist society a social relation of production is expressed as a relation between things, a relation between things does not, by itself, disclose a social relation. Why he fails to notice is because, whereas for Marx the value of the product of labour is a specifically social determination, for Engels it is a multi- or trans-social relation determined by 'labour and labour alone'. This is why Engels nowhere distinguishes between the value and exchange-value or between essence and appearance but prefers to contrast the 'fixed and stable' with 'change and process', and where the goal is deemed to be the disclosure of the 'antecedent' rather than of the 'essence'. Following Ricardo, he is thus led to a preoccupation with the magnitude of value and to the study of exchange transactions themselves. His goal is to evidence labour-time as the common substance of these transactions, from time out of mind, and by

displaying this longevity, he seeks to establish the validity of the 'labour' theory of value. The qualitative social determination of value is abandoned from the very moment that Engels seeks evidence for its existence in the pre-capitalist past. And symptomatically, the failure to distinguish value and exchange-value is the expression of the fact that abstract labour as a social category of labour, or as a category of social labour, is not distinguished from abstract labour as a generically 'human' character of labour.

In his treatment of these issues Engels is more concerned to ascribe their functioning to the 'laws of motion' of the external world generally than to investigate whether they are brought about as the manifestation of an inner essence or necessity. Perhaps it is simply that he considers terms like 'essence' and 'substance' as denoting a kind of 'demiurge' of the real world - Nature and history - and should be 'mercilessly sacrificed' along with 'every other idealist crochet' which 'could not be brought into harmony with the facts conceived on their own'.

Rosdolsky reports that Ferdinand Lassalle:

"... praised Marx as a 'Ricardo become socialist and a Hegel become economist'. However, Engels, regarded the 'German dialectical method', which underlay Marx's economic system, as 'a result which was of less significance than the materialist interpretation'".
(1977; p. xiii)

But even this seems exaggerated. If the 'German dialectical method' involves the analysis and synthesis of a specific subject in order to comprehend it as manifesting necessity, and to this extent is to be considered as 'scientifically correct', then it is given no significance whatever in Engels' attempt to authenticate the law of value. Of course the subject of Marx's analysis does emerge as 'law-governed' - replacing a "chaotic conception of the whole" which existed at the point of departure. But this is a specific law, pertaining to a specific society and is only disclosed by the analysis of it. It is not therefore to be perceived as a 'general law of motion', so that when we understand the law of the change from quantity into quality or the principle of 'the negation of the negation', then the 'secret' of the expression of value is automatically revealed. Neither is this law to be conceived in terms of the form in which it is said to exist for Engels in the Middle Ages or in the supposed period of 'simple commodity production', and where its existence was manifested in the fact that "men could exchange their products in the ratio of the labour embodied in them". It must, on the contrary, be conceived as a specific social law, as a form of expression for the fact that "the distribution of social labour in definite proportions cannot possibly be done away with, but can only change the form in which it appears". And the form in which this law appears in capitalist society is as 'the law of value'. In capitalist society the necessary equilibrium or proportionality in the distribution of the social labour-force is governed by the law of value.

As Marx expressed it:

"It requires a fully developed production of commodities before, from accumulated experience alone, the scientific conviction springs up, that all of the different kinds of private labour which are carried on independently of each other, and as yet spontaneously developed branches of the social division of labour, are continually being reduced to the quantitative proportions in which society requires them. And why? Because in the midst of all the accidental and ever-fluctuating exchange relations between the products, the labour-time necessary for their production forcibly asserts itself like an over-riding law of Nature". (1983; p. 79)

It is the ascertaining of what is to be considered necessary labour-time at the level of society, or of the determination of socially labour-time, which regulates individual production. Whether too much or too little of society's total labour-time has been expended in the production of a particular product is communicated to the producers of this product by means of the oscillations in the price for which the commodity will exchange. The commodity is thus - qualitatively and quantitatively - socially determined. By being first of all accepted by society as a valid expression of social labour, the labour of the individual receives its qualitative determination, and by being accepted by society to a definite extent, or in a specific amount, it receives its quantitative determination.

It should be mentioned in passing that it is erroneous to consider the concept of 'socially necessary labour-time' as referring

exclusively to the requisite level of productive forces at which the individual production process must function. This leads to a preoccupation with technological criteria which pertain to the internal structure of the process of production itself. Hence if its meaning is held to apply only in this connection then this is tantamount to suggesting that individual and social expenditures of labour correspond and, as a concept, it thereby serves as the quantitative complement to the qualitative determination of value by human labour in general. We shall return to the consideration of this in Ch. 3.

The law of value then is entirely socially determined, serving to regulate the allocation of society's productive capacity amongst its various functions:

"The societal connection of these private labours exist materially insofar as they are members of an indigenous social division of labour... This material social connection of private labours plied independently of one another is, however, only mediated and therefore only realises itself by the exchange of the products of these private labours". (Marx, 1976; p. 57)

Here 'mediation' is to be viewed in terms of the means whereby it is relayed to the individual producer how he is to regulate his productive activity. In this way the law of value allows society to cohere and function as a productive organism.

This mode of the determination of value is a far cry from Engels' version of this determination where it is considered as taking place in terms of the duration of the act of production itself, i.e. by the amounts of labour the reciprocal individuals expend or 'embody'. It follows from Marx's analysis of the two-fold character of labour, of the contradiction which is at the foundation of capitalist society and is the point of departure for the dialectical synthesis, that value requires a social determination over and against and in opposition to individual expenditures of labour. Engels' treatment of the issue causes the removal of one side of this contradiction and therefore of the contradiction itself. The two-fold character of labour and the ensuing necessity for mediation as described by Marx, does not exist for Engels. Like Ricardo:

"He never investigates the form of mediation".
(ibid, 1981a; p. 327)

Engels writes everywhere as though the method employed by Marx has for its special subject the historical process in general.

In 1867 Marx informed him:

"The best points in my books are: (1) the two-fold character of labour, according to whether it is expressed in use-value or exchange-value. (All understanding of the facts depends upon this)... (2) the treatment of surplus value independently of its particular forms as profit, interest, ground rent, etc..." (1965; p. 192)

However, ten years later, in his small biographical sketch "Karl Marx", Engels gives the first of Marx's "important discoveries" not as the key to the unearthing of the 'law of motion' of capitalist society, but as:

"... the revolution brought about by him in the whole conception of world history... of all previous history". (1970; p. 84)

This is undoubtedly a fact, but it must surely be considered that the insight into historical development generally is a consequence of the theoretical comprehension of capitalist society and that the anatomy of man provides the key to the anatomy of the ape. No matter how it is perceived, the study of the historical process in general, and by itself, does not disclose the two-fold character of the labour that is embodied in commodities. The omission of the two-fold character of labour or, more simply, Marx's concept of abstract labour, is again evident in Engels when he moves on to discuss "the second important discovery":

"... the relation between capital and labour, in other words, the demonstration how, under the capitalist mode of production, the exploitation of the worker by the capitalist takes place".
(ibid, p. 86)

Engels goes on to explain the theory of surplus value. In this explanation Engels gives a succinct example of the absence of the correct concept of abstract labour in his work, and the consequent loss of contradiction and the necessity for mediation.

Engels says:

"Let us assume that the means of subsistence of a worker for one day require six hours of labour for their production, or, what is the same thing, that the labour contained in them represents a quantity of labour of six hours..." (ibid, my emphasis.)

There is no distinction made here between labour expended in the production and socially valid labour, or between the individual and the social character of labour which is the translation of what is meant by its two-fold character. They are simply run together as, literally, 'the same thing', and again we have identity in place of difference and immediacy obviating the need for mediation. This is why value is able to secure a perennial existence in Engels' hands.

A few months before the appearance of the 1895 Supplement Engels wrote to Sombart:

"When commodity exchange began... value had a direct and real existence... and I believe that it won't be particularly difficult for you to trace the intermediate links, at least in general outline, that lead from directly real value to the value of the capitalist mode of production which is so thoroughly hidden that our economists can calmly deny its existence". (ibid, p. 506)

Here, "the intermediate links... that lead from directly real value" are not recommended to be traced in terms of Marx's theoretical method, i.e. where "the abstract determinations lead towards a reproduction of the concrete by way of thought", but, rather, in terms of Engels' 'historical' method. This is because, for Engels, the existing concrete itself is not seen in terms of having been decomposed into its abstract determinations, and where 'directly real value' is not considered as a feature of the present, i.e. the really existing value-relation, but as a feature of the past. Again, the gathering of empirical data is for Marx the work of the analysis, of the first movement of the method and not of the ascent, the synthesis. The synthetic movement in Engels' hands becomes the factual description of the historical coming-to-be of the existing society through its prehistory, a task which is fundamentally distinct from the theoretical comprehension of this existing society. Although what we may call Marx's 'historical materialism' and his theory of value have the same starting point, in labour or productive activity, they should not be treated as the same thing.

Theoretical political economy investigates a specific and given subject and applies a specific theoretical method in its comprehension and where the elements which comprise the synthesis are only the decomposed elements of this specific society, and not the elements nor determinations of other societies. It is not that Engels fails to adequately distinguish 'the materialist conception of history' from the 'method of political economy', rather he subsumes the latter in the former, and sees an actual historical period of 'simple commodity production' as an essential constituent

of this latter method. If Marx has as his methodological conclusion that "an eternal Nature imposed necessity" has its presence exhibited in capitalist society in the form and functioning of the law of value, then it is an entirely different method which removes this law of value to another supposed form of production where it is considered to be more 'real' and to apply more 'directly'. The operation of the law of value in its 'pure' form, i.e. in conditions according to the model of the simple commodity economy, is a theoretical construct which has been derived or 'worked up' from observation of the really existing value-relation, which is manifested in the millions of acts of exchange which take place every day in the capitalist society itself. This fundamental social connection, wherein the social character of labour gains its expression, is abstracted from capitalist society and set in the model of the simple commodity economy.

Yet it was from precisely the observation of these primary relations of exchange that the critics of the 1890's concluded that no evidence existed for the claim that labour was the substance of value. Bohm-Bawerk asked of Marx:

"Does he start from an actual exchange relation or an imaginary one?" (op. cit. p. 103)

Purely quantitative considerations prompted the asking of this question and the whole substance of the alleged 'contradiction'

between Volumes 1 and 3 of Capital is itself founded upon the quantitative incongruity of exchange transactions as they are seen to exist in theory (Vol. 1) and in reality (Vol. 3).

It is obvious that Bohm-Bawerk himself considers the category of abstract labour to refer to that human labour in general which 'embodies' itself in value. That is why he can find no evidence for its existence, indeed that its existence as value-substance is contradicted by empirical fact. As we have seen, rather than challenge these purely quantitative pre-occupations of the critics, Engels perpetuates it by attempting to elicit precisely empirical evidence for the quantitative congruity that the critics demand. In Anti-Duhring, he goes as far as to say that, in one place Duhring is simply repeating:

"... though in vaguer and more confused terms, as the much decried Ricardo-Marxian theory said long ago... Marx, taking Ricardo's investigations as his point of departure, says: The Value of commodities is determined by the socially necessary general human labour embodied in them, and this in turn is measured by its duration". (1943; p. 214)

Marx nowhere speaks of the hybrid 'socially necessary general human labour'. What he does say, in response to the purely quantitative preoccupation in Ricardo's theory of value is:

"That the quantity of labour embodied in a commodity is the quantity socially necessary for its production... is a definition which concerns only the magnitude of value. But the labour which constitutes the substance of value is not only uniform, simple, average labour; it is the labour of a private individual represented in a definite product. However, the product as value must be the embodiment of social labour and, as such, be directly convertible from one use-value into all others". (1972; p. 135)

Marx seems to move here from a consideration of the quantitative determination of value to its qualitative determination, as though the former were somehow more primary. But if we consider the synthetic transitions then the comprehension of the quantitative determination of value follows as a necessary consequence of its qualitative determination as social labour, i.e. it becomes a question of 'how much' of this labour. In any event, it is the consideration of the magnitude of value in terms of social labour which makes untenable any 'Ricardo-Marxian' theory of value. As for Engels' attempt to provide historical evidence for the 'direct and real' existence of value prior to the capitalist system of production, we may say with Marx:

"The nonsense about the necessity of proving the concept of value arises from complete ignorance of both the subject dealt with and the method of science". (1962; op. cit.)

By the very nature of his response to Sombart and Schmidt, Engels is seen to accept that if value cannot be demonstrated as existing via investigation into the quantitative proportions of pre-capitalist exchange relations, then it cannot be deemed to have a 'real' existence at all, i.e. it is a purely 'logical' construct. He thus inaugurates a dualism of either historical or logical concerning the reality of value which will be inherited and perpetuated in more recent contributions to the debate. This insertion of an 'historical' dimension into the transformation procedure evokes a kind of Golden Age of value, and where everything is as it should be. In this connection we can ask with Marx:

"What does he conclude from it? That here, within capitalist production, the law of value suddenly changes. That is, that the law of value, which is abstracted from capitalist production, contradicts capitalist phenomena. And what does he put in its place? 'That early period of society' (that is, precisely when exchange value in general, the product as a commodity, is hardly developed at all, and consequently, when there is no law of value either)".
(1972; p. 73)

And because of the extent to which Engels shares with Marx's critics the view that capitalist society itself provides little evidence for the existence of value, it being so "thoroughly hidden", and that therefore its existence must be demonstrated elsewhere, then the following is also apt:

"... the law of value is supposed to be valid for a type of production which produces no commodities (or only to a limited extent) and not to be valid for a type of production which is based on the product as a commodity. The law itself as well as the commodity as the general form of the product, is abstracted from capitalist society and yet it is precisely in respect of capitalist production that the law is held to be invalid".
(ibid, p. 74)

Engels accepts this very invalidity in the act of seeking to demonstrate the existence of value in the prehistory of the subject rather than in the existing subject itself. The debate around the 'historical transformation problem' is thereby inaugurated.

IV

Whether or not evidence can be elicited for the existence of an historical period which corresponds to the model of the simple commodity is in many ways a secondary matter. The outcome of this research makes little difference to Marx's theoretical method because the period in question is not part of the subject of that method. It is not necessary that there should be an historical 'value epoch', existing in the prehistory of the subject of the inquiry, for the value-relation and the theoretical model of the simple commodity economy to retain their full validity for the comprehension of this subject. But this does not mean that the disclosure of the real nature of value is not based upon empirical observation of the objectively existing reality. This is precisely what the conceptual analysis

comprises, it is:

"... the point of departure in reality and hence also the point of departure for observation and conception. Along the first path the full conception was evaporated to yield an abstract determination...". (op. cit.)

This "abstract determination" entails the abstraction of just one determining characteristic from a series of different individuals, namely, the primary social relation in which they stand to one another as owners of commodities. Other determining characteristics have been abstracted from, such as whether these individuals are workers or capitalist and how they relate to one another and to the other members of their respective classes as these specific things. These latter relations may be considered as more 'concrete' determinations and will be included in the course of the dialectical synthesis in its ascent from abstract to concrete. But we can see that the model of the simple commodity economy is already there, as it were, since all that this model envisages is a social universe comprised of commodity owners who mutually exchange their various commodities. Because this fundamental relation is theoretically abstracted it must be conceived of as an intrinsic part of a greater whole, and its subsequent negation, as when we proceed to more concrete relations, must be considered a 'determinate' negation, so that the succeeding categories and relations are bathed in its light.

In this manner of succession through determinate negation in the dialectical synthesis we have:

"... the abstract determinations leading towards a reproduction of the concrete by way of thought".
(op. cit.)

Therefore, to fully comprehend the manner in which the value relation will appear in its final form in capitalist society, i.e. as the 'prices of production', it is necessary to abstract its foundation and examine it in its 'unmixed' form and without the influences of, what are at this stage of the synthesis, disturbing accompanying circumstances. It is only in this way that we are able to comprehend the subsequent modifications. In the theoretical analysis it is compulsory to abstract and identify the fundamental relations on their own and away from their context. Because in that context they are over-layered by other determinate relations which presuppose precisely the nature of the fundamental relation and its development up to a certain point. "For us" these have still to be developed. It is with this in mind that Marx informs Kugelmann:

"It is precisely Ricardo's mistake that in his first chapter on value he takes as given all possible categories which have still to be developed for us, in order to prove their conformity with the law of value".
(op. cit.)

Marx will prove the conformity of all of the other categories with the law of value because these will be presented as developed expressions of it and the value-relation itself will be seen as a necessary precondition for this development. The model of the simple commodity economy may then be considered as making possible or grounding the comprehension of the subject after it has been dissolved by theoretical analysis. The path of comprehension or the dialectical synthesis would then comprise this theoretical model transcending or negating its abstract identity and emerging into a connected unity or nexus, and in which context its 'moment of truth' would be preserved as an intrinsic part of the concrete whole.

This movement, where the value-relation or the two-fold character of labour has a 'pivotal' significance, shows that the subject of investigation is 'self-contained', or, that it forms both the starting-point of the analysis and the conclusion of the synthesis. A 'universal' social relation is thus presupposed because in the subject under investigation the exchange relation extends to all, exchange value is the 'all-sided mediation'. The subject is a system of production which is based upon the product of labour being an exchange value. And it is only because of the real existence of this universal relation that the analysis is able to disclose that what is being dealt with is essentially social labour, or a peculiar form or character of social labour:

"But the different kinds of individual labour represented in these particular use-values, in fact become labour in general, and in this way social labour, only by actually being exchanged for one another... The point of departure is not the labour of the individuals considered as social labour, but on the contrary, with labour that proves that it is universal social labour only by the supersession of its original character in the exchange process. Universal social labour is consequently not a ready-made prerequisite, but an emerging result."

(Marx, 1981b, p.45; my temp.)

Thus it is the exchange process itself which causes the reduction of the social aspect of the labour of individuals to appear as its general human or abstract character. Therefore this form of appearance of the social character of labour is the result of the mediation effected by the exchange process, a result which is to be distinguished from the physiological fact of the homogeneity of all essentially 'human' labour. That is to say the social equalisation of labour is to be distinguished from its natural or 'generic' reduction.

It is precisely the failure to distinguish these different levels of abstraction which permits Engels to formulate an 'historical' version of the transformation, i.e. he needs must adopt the general 'physiological' abstraction and forego the historically specific 'social' one.

Engels ponders the actual process of transformation in his letter to Sombart, cited earlier, and says :

"... This is a very interesting point, about which Marx himself does not say much. But his way of viewing things is not a doctrine but a method. It does not provide ready made dogmas, but criteria for further research and the method for this research. Here therefore a certain amount of work has to be carried out, since Marx did not elaborate it himself in his first draft. First of all we have the statements on pages 177-179, which prove that the concept, [i.e. of value] has more reality than you ascribe to it". (op. cit.)

But the movement which inaugurates the research, the analysis, has previously taken place before the synthetic transitions that Engels refers to is carried out. Further research or further analysis would not then be of the given subject of the investigation since the analytical 'limit' of this subject has already been reached, i.e. the analysis has descended to the fundamental relation or condition. Engels can only be referring to, albeit unwittingly, "further research" which is outwith or beyond the definite perimeters of this specific subject. It is of further significance here that what Marx "does not say much" about is the manner of the historical derivation of value, and that Chapters 8, 9 and 10 of Capital Vol. 3 are devoted to the methodological derivation of value and, in particular, to its existence as prices of production. The textual reference made

by Engels in the above quotation refers to Chapter 10 of Capital Vol. 3 and contains the contentious and much referred to 'prius' quote to which Engels makes specific reference.

We shall cite this passage as it is presented by Engels in the Supplement:

"The exchange of commodities at their values, or approximately at their values, thus requires a much lower stage than their exchange at prices of production, which requires a definite level of capitalist production... Apart from the domination of prices and price movement by the law of value, it is quite appropriate to regard the values of commodities as not only theoretically but also historically prius to the prices of production...' Had Marx had an opportunity to go over the third volume once more, he would doubtless have extended this passage considerably". (op. cit., p. 896, Engels' emph.)

As we have been attempting to show, it is methodologically impossible that Marx means by these 'historically prius' or 'Aristotlean' values the same thing as he means when discussing value as a feature of the capitalist society. For purely methodological reasons he cannot mean the same thing, yet Engels takes it that he does and the historical transformation is treated as being co-founded by Marx as well as Engels. But, in any event, Marx specifically mentions that this is the case outwith or "apart from" the domination of prices and price movement

by the law of value, which 'value' and which 'law' apply only in the realm where social universality or truly 'social' production is operative. The law of value is a 'regulator' and only applies in relation to the totality which it regulates and enables to cohere.

Pre-capitalist 'values' may have a place in the 'historical' exposition, but they are not a part of the theoretical comprehension of the circumscribed subject. When we said that the commodity that beings and ends the methodological inquiry was a 'capitalistically produced' commodity it was meant to signify that we are dealing with a capitalistically determined value-relation, i.e. that it is characterised above all by universality. When the subject is presented 'for inquiry' i.e. as it exists in the here and now and before the analysis has been undertaken, the work of these pre-capitalist values has already been done. Both subject and appropriate method presuppose a given level of productive forces, which 'ground' or 'form' the subject. Therefore Marx's abstractions of the components or individual elements of this subject do not travel back in time but are contemporaneous with the subject as it exists. Therefore the comprehension of the subject does not require, initially, the comprehension of its prehistory. The comprehension of the significance of prior development, or of what is decisive in prior development, for the subject, cannot take place before the subject itself has developed and is

comprehended. And it is impossible for the abstract determinations of the subject to pre-exist the subject itself since these determinations in themselves:

"... express the forms of being, the characteristics of existence, and often only individual sides of this specific society, this subject and that this society no means begins only at the point where one can speak of it as such". (Marx, 1981a; p. 106)

For us it begins with the model of the simple commodity economy. And Marx goes on to say that therefore:

"It would be unfeasible and wrong to let the economic categories follow one another in the same sequence as that in which they were historically decisive. Their sequence is determined, rather, by their relation to one another in modern bourgeois society, which is precisely the opposite of that which seems to be their natural order or which corresponds to their historical development. The point is not the historical position of the economic relations in the succession of different forms of society.... Rather their order within modern bourgeois society". (ibid, p. 107)

When Marx speaks of the sequence being the 'opposite' of the historical emergence of the categories it is the clearest statement yet concerning the distinction between the movement of the theoretical method and the movement of the historical process. For what else is Marx describing here in antithesis to historical development but the dialectical synthesis.

"Value", or the universal value-relation that is intended when Marx speaks of this category, is a characteristic only of the most modern kind of society, and was not 'historically decisive' until the development of the capitalist system of production.

Thus:

"The capitalist epoch is therefore characterised by this, that labour-power takes in the eyes of the labourer himself the form of a commodity which is his property; his labour consequently becomes wage-labour. On the other hand, it is only from this moment that the product of labour universally becomes a commodity". (ibid, 1983; p. 167)

Yet it is precisely this mature and highly developed universal relation which forms the point of departure for the dialectical synthesis, or of the process of coming-to-be of contemporary reality, and which is "precisely the opposite of their natural order or which corresponds to their historical development".

The methodological 'ascent' is thus to be distinguished from the historical 'ascent' and therefore the 'value' which exists in the methodological account cannot be the value which is historically 'prior'. All that remains is to say that when Marx speaks of these 'prior' values he is referring to them as embodiments of individual labour-time and not social labour-time. These former values do not appear as a part of the method and are subsequently referred to as 'embryonic'. But, as was noted

above, we cannot distinguish what embryonic features will be significant for adulthood until we are familiar with the more developed features themselves.

This conclusion must create a problem for forms of 'evolutionary' or organicist versions of Marx's method and where the 'process' nature of the method is said to parallel or be a 'reflection' of the process nature of Nature and/or history. For example, how would this version of the method explain that the value-relation exists prior to the prices of production in the theoretical method but does not exist prior to them in the historical process? That value, as a distinct stage in the development of the prices of production, and which latter are a feature only of the most modern societies, presupposes as a category, the formation of these prices of production in the method, but cannot presuppose them in fact, in history? All of this, i.e. considered theoretically, the development of the value-concept or of 'value', in the presence of the prices of production, would be incomprehensible to Engels, preferring as he does the 'materialist interpretation' to the dialectical method.

Hence the value relation co-exists with or, better, exists as the prices of production, when the more concrete relations of wage-labour and 'many capitals' have been superimposed onto this fundamental relation in the course of the synthesis. But this fundamental relation was always there, existing as an essential part or as a presupposition of the more familiar relations, and was teased-out or separated by the theoretical method. 'Value'

is expressed as 'prices of production' as the more concrete category, and rather than attempt to prove the independent existence of value as Engels does, for Marx:

"... science consists in showing how the law of value operates". (ibid, 1962; op. cit.)

Therefore the 'separation' of value from the prices of production is a purely artificial theoretical measure, undertaken to aid the comprehension of the existing concrete relations. And thus value does not exist before nor alongside of the prices of production but exists as or in the form of the prices of production. Engels, and many writers down to the present day, see this theoretical separation as a really existing separation. Obviously the correct conception of the substance of value is what is at issue here.

Given this methodological divide, it is curious that we should have the following from someone who is popularly recognised to emphasise the Hegelian side of Marx's method:

"... the reader should not imagine that economic categories are anything other than the reflections of real relations, or that the logical derivation of the categories could proceed independently of their historical derivation". (Rosdolsky, op. cit. p. 115)

Rosdolsky proceeds to quote as methodologically exemplary the passage from Engels' review of Marx's Contribution which we quoted earlier, and where Engels states, among other things, that the theoretical method is:

"... simply the reflection, in abstract and theoretically consistent form, of the course of history," and that "... though the reflection is corrected, it is corrected in accordance with the laws provided by the actual course of history". (op. cit. my emphasis.)

That Rosdolsky considers this an accurate description of Marx's method is shown when he suggests that this point made by Engels is endorsed by Marx himself when he provides:

"... parallel to the logical derivation of value and money - a historical derivation of these same concepts, in which Marx confronts the results of his abstract analysis with actual historical development". (ibid)

What does it mean to say that the "results" of Marx's dialectical method are corrected "in accordance with", or are 'confronted by', "actual historical development"? "Actual historical development" is already given in the shape of the presupposed subject and is what provides the concrete subject-matter for the conceptual analysis. The subject is thus 'self-referring', it is its own yardstick with regard to what 'correctly' or 'incorrectly' pertains to it.

'Correction' is therefore built-in, and no 'confrontation' can take place between the results of the application of the theoretical method and 'actual historical development'. If the synthetic transitions are the reverse of the analytic and 'mirror' these, and the analytic transitions themselves based upon empirical observation of the existing subject, then the synthetic movement is governed by determinations which have had their 'actual historical existence' verified. It is only this 'actual historical existence' which allows the dialectical synthesis in the first place, since it is its presupposition. As for historical process which exists 'outside' the subject - its prehistory - then in this case the disclosed nature of the subject itself tells us that universal social relations are in the process of being formed and comprise the prehistory of the subject. The analyst knows where history is developing to, because he has its results ready-to-hand, and these results themselves imply, e.g. that:

"The dissolution of all products and activities into exchange values presupposes the dissolution of all fixed personal (historic) relations of dependence in production, as well as the all-sided dependence of the producers on one another". (Marx, 1981a; p. 156)

Before the details of the prehistory of the subject have been actually addressed, the task of comprehending the subject itself has to have been completed and thereby illuminates precisely what

in this prehistory is worthy of attention and considered significant for the higher development. The inquiry has begun with the objectively existing subject and there are no separate and autonomous 'matters of fact' to which the scientifically correct method must adapt to collate its results. Whatever 'actual historical development' is taken to mean, it cannot itself represent an independent body of truth to which Marx's results must be compared because the categories and determinations which comprise the existing subject are contemporaneous and coextensive with this subject itself; given with it.

What treatment suggested by Engels, and echoed here by Rosdolsky, suggests, is that the theoretical model of the simple commodity economy would have to be verified with regard to its legitimacy by historical research into the actual existence of such an economy. Thus, and this is of fundamental significance in the present debate, if this historical evidence is perceived not to have been secured, then the judgement is that Marx's category of value is a purely logical construction. There is therefore a real and fundamental necessity to disassociate the 'German dialectical method' from the 'materialist' interpretation of it carried out by Engels in the name of Marx. For example, it is not because, as Engels would have it, that value is so 'deeply hidden' that we must have recourse to an earlier, more transparent, reality in order to discover 'directly real value'. 'Outer' reality, the appearance of the subject itself, is what reveals 'inner' reality or the essence of the subject:

"Reality then, or actuality, is not the essence alone, nor is it the manifestation alone, but is the essence which manifests itself. The external world, the manifestation, is not to be regarded as a veil which hides and obscures the inner being, but on the contrary, as revealing the inner being and bringing it fully to knowledge and light. Thus to know the outer is to know the inner, for the outer is precisely the revelation of the inner. It is the inner". (Stace, op. cit. p. 212)

Hence the disclosure of the 'inner' is not brought about by abandoning the subject of the inquiry and seeking its determinations elsewhere, in the process of its historical formation, but by the methodological treatment of the subject itself within its own perimeters. With regard to the distinction that is to be maintained between the method of theoretical inquiry and the actual historical process, Marx remarks:

"Money may exist and has existed in historical time before capital, banks, wage-labour, etc. came into being. In this respect it can be said therefore, that the simpler categories express relations predominating in an immature entity or subordinate relations in a more advanced entity; relations which already existed historically before the entity had developed the aspects expressed in a more concrete category. The procedure of abstract reasoning which advances from the simplest to more complex concepts to that extent conforms to actual historical development". (Marx, 1981b; p. 208)

It is "to that extent" that the method and actual historical development coincide, i.e. to the extent that in each case the movement is from the simple to the combined. But this does not mean, and should not be taken to mean, that the method has become synonymous with or reflects actual historical development. The categories that comprise the subject are given all-at-once and are the specific and unique elements of this totality. They are dissolved and restored as pertaining to this subject itself and, as was noted, "the point is not the historic position of the economic relations... rather their order within modern bourgeois society". What this means is that it is the order which the relations and the corresponding categories have now which prescribes their unfolding in the theoretical method, not the order they had then in the process of their historical formation, and:

"... hence belong to the history of its formation, but in no way to its contemporary history, i.e. not to the real system of the mode of production ruled by it (i.e. capital). While, e.g. the flight of the serfs to the cities is one of the historic conditions and presuppositions of urbanism, it is not a condition, not a moment of the reality of developed cities, but belongs rather to their past presuppositions, to the presuppositions of their becoming which are suspended in their being". (ibid, 1981a; p. 459)

Or again; the really dominating economist in the latter half of the 18th century was Adam Smith. James Stuart, who posed the problem of capitalist profit far more 'historically' than Smith, and who investigated the process by which capital came into being, was soon forgotten. Marx points to the essential difference between the two in the following manner when he says of Stuart:

"His service to the theory of capital is that he shows how the process of separation takes place between the conditions of production, as the property of a definite class, and labour-power. He gives a great deal of attention to the genesis of capital... He examines the process particularly in agriculture; and he rightly considers that manufacturing industry proper only through this process of separation in agriculture. In Adam Smith's writings this process of separation is assumed to be already completed". (ibid, 1972; p. 43)

Hence we do not require to describe the flight of the serfs to the cities in order to comprehend the nature of cities. On the other hand, universal value relations form the basis of both the really existing subject and of the theoretical method. Therefore, given this foundation, what the method demonstrates is that development in reality, as well as in the method itself, is a necessary development; that the process of development of reality is driven by contradiction and must therefore develop

as an expression of this contradiction. Here again though, 'social' production is presupposed, or socially mediated private production is presupposed, the process of its formation falling outwith the terrain of conceptual analysis. What the analysis uncovers is the nature or substance of this universal relation and which has pivotal significance for the dialectical synthesis, but the analysis does not proceed beyond the historical incidence of this relation to 'take in' the process of its formation. This would simply be another way of losing the unique determination of value, which has such pivotal significance, and proceeding beyond it to the 'first and simple relation which is historically actually available'. Then the subject of inquiry would no longer be the capitalist process of production, which is based on exchange, but the process of exchange itself, in its historical entirety. We have been forced to conclude that 'actual' historical development refers to the prehistory or formation of the subject since, in terms of contemporary history, the subject is self-contained and has its own history present within it. This being the case, it is convenient at this point to enquire as to the manner in which this prehistory of the subject is incorporated by Marx into his 'method of presentation'. To this end, it is again necessary to quote that passage where Marx makes the crucial distinction between 'inquiry' and 'presentation':

"Of course the method of presentation must differ from that of inquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to trace out their inner

connection. Only after this work has been done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere priori construction". (op. cit.)

It is the division we have insisted upon between the province of the theoretical method and the 'actual historical development' of the subject which causes this appearance of an 'a priori' construction. It is this division which also allows us to expand upon our definition of the 'method of presentation', as promised earlier. When we first considered the distinction between 'inquiry' and 'presentation' it was treated as being analogous to the analytic/synthetic distinction which comprises the theoretical method. It is now convenient to give the 'method of presentation' an entirely separate determination. This was not possible earlier since then we had not fully explicated the method and could not therefore distinguish it from 'actual historical development'. Of course what was said earlier in treating the 'method of presentation' is still entirely valid for the process of conceptual synthesis with which it was identified.

We know from the 1857 Introduction that Marx subscribed to the method comprised analysis and synthesis as being 'scientifically correct' and therefore as the method to be utilised in the process of comprehending the subject as a 'rich totality of many determinations and relations'. But the new determination we wish

to give the 'method of presentation' involves reading Marx as saying in the quoted passage that the 'method of inquiry' comprises both analysis and synthesis and is therefore to be considered as containing the whole of the method. This alteration is the more easily made if we remember that the "inner connection" would not be disclosed by the 'method of inquiry' if it were treated as representing the conceptual analysis alone. On the other hand, if the 'method of inquiry' is treated as comprising the whole of the method then 'the actual movement of the subject-matter', which incorporates the coming-to-be or the formation of the subject, is now available because the theoretical method (of inquiry) has provided the comprehension of the subject and the results of this comprehension are at hand and can be 'presented'. The 'method of presentation' would now be taken to mean what Marx actually presents to his readers once he has analysed and synthesised his subject and obtained the results of his inquiry. If we required some kind of introduction as to what the newly defined 'method of presentation' saw as its function, or what exactly it intended to do, as a movement which is now distinct from analysis and synthesis, then the following may serve as a beginning:

"This determination of value, then, presupposes a given historic stage of the mode of social production and is itself something given with that mode, hence a historic relation. At the same time, individual moments of value-determination develop in earlier stages in the historic process of social production and appear as its result". (ibid, p. 252)

The 'method of presentation' is the process whereby these 'individual moments of value-determination' are now recognised for what they are and incorporated with the results of the nature of the subject itself. We know that it is only comprehension of the subject in the first place which elucidates these 'individual moments of value-determination' for what they are. The 'method of presentation' is now the reading of the text of the past or the prehistory of the subject in the light of its comprehension. It is literally the presentation of the past in the light of the present. It consists of describing the 'actual historical development' of the formation of the subject and to this extent would constitute a separate process, to be distinguished from the method of theoretical comprehension as such. As Marx says, "only after this work has been done" would the life of the subject-matter be presented in its entirety, i.e. 'the method of presentation' now provides 'the whole story', as it were. The 'result' of history being known in advance, or the given subject having been comprehended, means exactly that the destination of the 'method of presentation' is known in advance, i.e. the present, and thus gives an 'a priori' appearance to the manner of this presentation. But it would be wrong to assume that 'actual' historical development, in and of itself, can reveal its own nature or where it is going, before the results of the analysis and synthesis of the subject are known. We cannot acquire or 'glean' our method by at first going to the

historical process 'raw' as it were, since what this is a process of is only intelligible in the wake of the comprehension of history's result. And this result itself is to be considered the product of an active 'working-up' of concepts which alters our knowledge of the object, a process of production of knowledge, which is not to be confused or identified with the passive reflection of the laws of Nature and history. For Marx it is reflection on a given subject, not a contemplative reflection of the subject. As far as concerns the application of the different results obtained through the employment of these different meanings of reflection:

"Bourgeois society is the most developed and the most complex historic organisation of production. The categories which express its relations, the comprehension of its structure, thereby also allows insights into the structures and the relations of production of all of the vanished social formations out of whose ruins and elements it built itself up". (ibid, p. 105)

This stands in complete and utter contrast to the 'historical' method as described by Engels where it is "the structures and relations of production of all the vanished social formations" which allow insight into bourgeois society.

From what has been said before it would be feasible to envisage that Engels considers that when Marx refers to the success of the

method being demonstrated in the fact that it 'reflects' the subject-matter, as in a 'mirror', that scientific truth is available in the outward aspect of the development of the subject, and that by simply reproducing or mirroring the course of the development of the subject, and of registering its 'flux', we have attained to a description of the dialectic of reality and a demonstration of that of thought. A typical example of this approach is provided by Engels in his preface to Capital Vol. 3 where he states:

"It is self-evident that where things and their interrelations are conceived, not as fixed but as changing, their mental images, the ideas, are likewise subject to change and transformation; and they are not encapsulated in rigid definitions, but are developed in their historical or logical process of formation. This makes clear, of course, why in the beginning of his first book Marx proceeds from the simple production of commodities as the historical premise, ultimately to arrive from this basis to capital - why he proceeds from the simple commodity instead of a logically and historically secondary form, from an already capitalistically modified commodity". (Marx, 1984;, p. 14)

But, as we now know, Marx does not proceed from the "simple commodity" and Engels' conclusion is in complete contrast to the real starting point. Imagining for a moment that value and its substance can be derived by dissection of the 'simple' commodity testifies to the complete absence of the correct conception of abstract labour in "the materialist conception of history" as

developed and explicated by Engels. Thus, methodologically, the attempt to give an 'historical' dimension to the transformation problem is untenable.

Of course it may be argued by some that Marx to some extent comes to the rescue of Engels and the classical economists, and what we have considered as their erroneous conception of abstract labour, by himself pointing to the actual 'physical' existence of abstract labour in 'labour, as such' or 'simple', unskilled labour, which is mobile over a variety of use-values or useful functions. In the following chapter we shall go on to consider this claim, before applying the results arrived at in both of these chapters to the methodological solution to the 'transformation problem' in Chapter 3.

CHAPTER TWOTHE SIGNIFICANCE OF 'SIMPLE' LABOUR

The official Soviet biography of Engels says that in the 1895 Supplement to Capital Vol. 3, he:

"... rejected the bourgeois economists denial of the objective nature of value. With illustrations from history he showed the changes that had occurred in the exchange of commodities since its original form, simple commodity production". (1974; p. 366)

The affirmation or the denial of the objective nature of value is the crux of the division within the debate around the 'historical transformation problem' between the 'historically real' or the purely 'logical' status of value.

Engels' argument for the objective nature of value becomes enshrined in his advocacy of the existence of a pre-capitalist 'value epoch' or a period of simple commodity production where, he told Sombart, value had a "direct and real existence". Obviously this must presuppose the existence of the 'direct and real' substance of value, or that which 'grounds' it, and identifies this substance as unchanging between capitalism and its prehistory.

There is a more modern view which treats the substance of value - conceived as human labour in general or, more simply, general labour - as only having a reality in the developed capitalist economy. In one version : the 'abstractness' of labour is not to be considered as a purely 'logical' abstraction from the different kinds of actual labour which exists in reality. It says that:

"... the abstract labour is taken to be actual (concrete) labour that has become independent of, and hence homogeneous across, various use-values, and which comes into existence... only with the advent of capitalism. From the standpoint of political economy, therefore, abstract labour is labour as such. It is in Marx's words, 'the general possibility of wealth as subject and activity'". (Gleicher, 1983; p. 107)

This perspective is not incompatible with Engels' view only that, whereas for Engels value was 'deeply hidden', now, its substance has come into view. Neither does this modern view necessarily deny the existence of a period of simple commodity production. But in this latter period there is not an observable substance of value, and testimony for the existence of abstract labour is confined to observation of the exchange transactions themselves. Again, the fact that the substance of value is now to be considered a palpable existent does not change the view of that substance as being a physiological entity, only that, whereas previously this entity had a multitude of different incarnations, as varied as the individuals who participated in the exchange process, now it has itself become incarnated in a

class of individuals. Abstract labour itself has come into existence. This shares with Engels the claim for the 'reality' of value although would consider the transformation of values into prices of production as a process which takes place within capitalist society itself, values and prices co-existing, and not separated by any historical divide. In sum, it perpetuates the physiological conception of abstract labour and sees the real existence of value as pertaining to a factual, physical existence of its substance. In contrast to this is the view which, while identifying the existence of 'labour', as a homogenous and socially mobile substance that is exclusive to capitalism, nevertheless considers that this only provides the necessary material substratum for the formulation of the concept of abstract labour. The existence of this simple labour, or labour 'pure and simple', with no further qualitative determinations, is seen as having 'allowed' Marx, standing on the shoulders of Adam Smith, to formulate the concept of abstract labour but is not itself to be considered abstract labour since this would involve that value and its substance were 'real', whereas, for the point of view we are considering here, value has a purely 'logical' existence. Although this latter tendency has a stronger representation within the 'transformation' debate itself, existing as a direct response to Engels' claims, than the former, we shall treat this 'logical' response in the following chapter and concern ourselves here with that contribution which considers the existence of socially-mobile 'simple' labour as the existence of abstract labour itself.

In this latter perspective 'labour', as the substance of value, is given a truly substantial existence, being seen as capable of extension this way and that, in response to the demands of capital, and being susceptible of precise quantitative determination in the process of production itself. This naturalistic conception of substance is given a graphic description by Carling (1984) when he says that Marx's concept of abstract labour is to be considered as:

"... a kind of hydraulic fluid regulating the economy - flowing here resting for a while there, congealing into objects elsewhere; dividing into streams, created at one point and absorbed at another; drawn off and sucked out - the whole performance showing an endless variety of forms of a single common substance. The economy so conceived resembles less a finely tuned mechanism than a playful contraption of tubes, pumps, sinks and pipes". (p. 142)

The existence and fluidity of this "single common substance" is accepted by Marx as a real existent without however any implication that this is the realisation of 'abstract labour'. For Marx, 'simple', unskilled labour that is socially mobile across various use-values, and is indifferent between the tasks it is set to perform, exists in reality, whereas abstract labour, the substance of value, has no existence at all. Or, rather, that abstract labour has its existence in time, not in space; exists as duration of social labour time and has this

existence incarnated in money. Money incarnates abstract labour because it is all of the labours, every possible manifestation of labour, given 'at once' and in definite proportions depending upon its quantity:

"When I state that coats or boots stand in a relation to linen, because it is the universal incarnation of abstract human labour, the absurdity of the statement is self-evident. Nevertheless, when the producers of coats and boots compare those articles with linen, or what is the same thing, with gold or silver, as the universal equivalent, they express the relation between their own private labour and the collective labour of society in the same absurd form". (Marx, 1983; p. 80 my emphasis.)

Abstract labour, value, money, is the objectification of a relation; when this relation extends universally and is appropriately objectified, it is the value-relation as investigated by Marx; it cannot be that abstract labour itself, which objectifies a relation, is itself a palpable 'object'. Therefore, as social labour which is expressed or represented as abstract general labour, we have Marx's notion of abstract labour. As for that ubiquitous 'simple' labour, which is elsewhere identified as abstract labour, Marx says initially:

"... This abstraction, human labour in general exists in the form of average labour which, in a given society, the average person can perform... It is simple labour

which any average individual can be trained to do and which in one way or another he has to perform. The characteristics of this average labour are different in different countries and different historical epochs, but in any particular society it appears as something given". (1981a; p. 31)

When Marx says that this 'abstraction' "exists in the form of...", he means that in the same way that concrete useful labour is reduced to abstract labour in the act of exchange so it is manifest in society that the product of skilled labour is reduced to being essentially the same substance as the product of simple, unskilled labour since, when they are mutually affirmed as social labour, in the act of exchange and by the successful completion of this act, they assume the same bodily form. That this is the case is confirmed by Marx when he says:

"... a commodity may be the product of the most skilled labour, but its value, by equating it to the product of simple unskilled labour, represents a definite quantity of the latter labour alone".
(1983; p. 51)

We can thus observe the process of the reduction of complex, skilled labour to simple, unskilled labour amongst the millions of acts of exchange which give every product the same bodily form and in this way equalise the various labours in definite proportions. We need only remember that the reduction of simple

unskilled labour to abstract human labour in general is also accomplished by the act of exchange and that therefore this 'simple' labour requires mediation to qualify as abstract labour and is not immediately abstract labour. But again, as indicated above, simple labour retains its autonomous existence outside of the process of exchange as the minimum required of labour for it to function or be treated as socially productive labour. It obtains outside of exchange as the standard that is requisite to qualify labour as productive labour. The rise and the development of machinery tends to universalize this socially required minimum standard to a really existing average level which is present in a social labour-force which can be put to a variety of tasks. Thus the simple and average level of labour in the automated capitalist society is more productive in comparison with earlier forms of social development. Moreover:

"... we can see at a glance that in our capitalist society a given portion of labour is supplied alternately in the form of tailoring and in the form of weaving, in accordance with changes in the direction for the demand for labour. This change in the form of labour may well not take place without friction, but take place it must". (Marx, 1983; p.78)

It is an inherent tendency of capital as a value which breeds value, to eliminate this friction which acts as a 'barrier' to the uninhibited flow of its movement across the social division of labour. In this manner, capital itself in pursuit of

relative surplus value, raises average labour to a higher productive power, so to speak, and labour that is described as simple, unskilled labour, becomes predominant in society over skilled labour, or skilled labour itself loses its exclusivity, which it had in the period of manufacture, and assumes a form which any average individual can be trained to do. Whereas previously simple average labour could be conceived of as a kind of productive physiological fundament, upon which the various crafts and skills were raised, now, with the development of large-scale industry and machinery, simple average labour is itself sufficient to produce what had previously required crafted or skilled labour. This is an aspect of the historical increase in the productivity of labour. The mass of social labour is simple labour since what was before considered skilled is now considered simple and average through the increase of sophistication in the instruments of labour which mediate the productive process between the worker and the object of his labour.

The objection has been raised by Kay (1976), that when editing the English edition of Marx's Contribution, Maurice Dobb added the footnote wherein Marx's usage of 'simple' labour is equated with 'unskilled' labour when the context did not allow of this interpretation. Kay says that:

"Marx talks of simple labour, where in the context he clearly means abstract labour... this lessens the possibility of assimilating the notions of abstract and unskilled labour". (p. 61)

For Kay, then, 'simple' and 'abstract' labour are the same thing, despite the fact that in the passage in question, which was quoted below (p. 55), Marx says that the former "exists". But because of Kay's own concept of abstract labour, neither this abstract labour nor it would appear 'simple' labour, can be said to exist in reality as the equivalent of 'unskilled' labour, which has a real existence for him. Dobb equates this unskilled, existing labour, with 'simple' labour, but Kay reads him as though he had treated unskilled labour as the existing form of abstract labour. Kay shows elsewhere (1979) that he fully understands that the existence of abstract labour in the process of production is impossible, but that unskilled labour can exist there without in any way altering its essentially concrete character. He says:

"... Concrete labour, no matter how dull, boring and unskilled is always concrete labour engaged in material production... it is not the nature of concrete labour that makes it abstract labour: this depends upon the social form assumed by the product outside the sphere of production".
(p. 60)

This is perfectly right; but while it may be true that it is not the nature of concrete labour that renders it abstract labour, it is the nature of concrete labour that renders it 'simple' labour. Automation renders 'simplicity', i.e. the fact that any individual can be trained to do it, one of the

determining characteristics of concrete labour. Hence a problem arises. Namely, if, following Kay, it is accepted that by 'simple' labour Marx is referring to abstract labour then, if it can be shown that Marx considers that the former has a 'real existence, then this can be taken to mean that he must therefore also consider that abstract labour exists in reality. If evidence for the declared existence of 'simple' labour is treated as evidence for the existence of abstract labour then those who deem the latter as a real existent have their case considerably strengthened.

Despite the fact that Dobb himself holds to a physiological conception of abstract labour (1937; p. 13), and conceives of its expenditure in terms of 'human energy' (1981b; p. 14), in the present instance he is correct to treat 'simple' labour as the same as unskilled labour, since this usage is in conformity with Marx's. We have previously quoted Marx (p. 56, 1983; p.51) as running together simple and unskilled labour, and when discussing those conditions which are necessary to enable the social mobility of capital, Marx remarks:

"The second condition implies the abolition of all laws preventing the labourers from transferring from one sphere of production to another; indifference of the labourer to the nature of his labour; the greatest possible reduction of labour in all spheres of production to simple labour; the elimination of all vocational prejudices among the labourers; and last but not least, a subjugation of the labourer to the capitalist mode of production". (1984; p.191)

And again, in the creation of surplus-value:

"... it does not in the least matter, whether the labour appropriated by the capitalist be simple unskilled labour of average quality or more complicated skilled labour". (1983; p. 191)

These examples could be easily multiplied, however as it stands there is evidence enough to conclude that, for Marx, simple labour both exists and is equated with unskilled labour. For those who seek to equate simple and abstract labour, their position appears as not only confirmed, but as unassailable. However, when Marx speaks of those conditions that are necessary for the uninterrupted process of value formation the mobility of labour from one sphere to another is crucial, so that this process is the more easily accomplished:

"... the more quickly labour-power can be transferred from one sphere to another and from one production locality to another". (1984; p. 196)

Marx's conjunctural usage of the terms 'simple' and 'unskilled' then, is intended to denote the growth of a social labour-force which is adequate to the needs of capital. At this level of the dialectical synthesis value is enshrined in 'capital' and use-value in 'wage-labour'; and this labour is the better suited as use-value for capital the more 'simple' and versatile it is and hence the more capital itself is emancipated from that skill which resides only in the body of the worker, in which locality it resides as a source of that 'friction' which capital must eliminate. Considered as the use-value for capital, or:

"... not only the use-value which confronts capital, but, rather, it is the use-value of capital itself".
(Marx, 1981a; p. 297)

labour is what capital transforms itself into in the movement

M-C:

"... As the use-value which confronts capital, labour is not this or another labour, but labour pure and simple, abstract labour, absolutely indifferent to its particular specificity, but capable of all specificities ... That is to say that labour is of course in each single case a specific labour, but capital can come into relation with every specific labour, it confronts the totality of all labours and the particular labour it confronts at a given time is an accidental matter..."
(ibid. my emphasis)

Here we are still at the level of 'capital in general'. This forms an essential stage of the dialectical synthesis where the concern is to delineate those features which all capitals have in common and before the synthesis proceeds to examine the many individual capitals and their mutual relations, which represents a more concrete stage of development. The competition between 'many capitals' and the relations between capital and wage-labour, the class struggle, are motive powers in technological innovation and the 'socialisation' of the process of production.

The dialectical transition from 'capital in general' to 'many capitals' involves the parallel transition from the manner in which labour exists 'conceptually' as 'labour pure and simple, abstract labour' for 'capital in general' to how it in fact exists in a form which comes ever closer to realising this concept (which only appears 'a priori' but is in fact gleaned from observation of the existing reality). Labour, in reality, comes ever closer to functioning exclusively as the use-value of capital.

"This economic relation - the character which the capitalist and the worker have as the extremes of a single relation of production - therefore develops more fully and adequately in proportion as labour loses all the characteristics of art; as its particular skill becomes something more and more abstract and irrelevant, and as it becomes more and more purely abstract activity, a purely mechanical activity, hence indifferent to its particular form... activity pure and simple, regardless of its form". (ibid.)

What is growing and developing here is the productive capacity of the simple average labour of society. It is not the description of a process which brings about the 'factual' existence of the substance of value, abstract labour. It is rather the process where actually existing labour-power - which is essential to every form of production - comes to epitomize its role as capital's use-value. Hence, if simple unskilled labour is the more adequate use-value for capital insofar as it can be transferred to any branch of production and is capable of pursuing a multitude

of productive activities, then it cannot be abstract labour as the substance of value since the primary characteristic of this abstract labour is that it is empty of all useful content and is an utter abstraction from the commodity (here labour-power) considered as a use-value. The 'new' polarity of capital (value) and labour (use-value) continues to embody contradiction, and therefore capital in the form of simple labour (M-C...) must embody itself in use-values before it can embody itself in values. The necessity for mediation remains because the identical essence remains, it has only changed the form of appearance of the two-fold character of labour. So that, simple, socially-mobile labour is not immediately value-creating labour but has still to show that it is value-creating labour by being in fact transformed into money. Hence, whereas the objectification of simple labour results in definite use-values, the objectification of abstract labour exists as money - value incarnate. At first then:

"The commodity is a transfiguration of capital that has valorised itself and its sale must be organised in the scale and in the quantities necessary to realise the old capital value and the surplus value it has created". (Marx, 1976; p. 54)

Whether the polarities involved comprise use-value/value, individual/social or simple/abstract, the fundamental contradiction which is inherent in the system continues to assert itself. Each of these sets of opposites express the difference between

'valorisation' and 'realisation' and are contained within it, so that the realisation of the old capital value is inseparable from the simultaneous transformation of use-value into value, individual labour into social labour, and thus simple labour into abstract labour. These various determinations have a contemporaneity and are artificially separated in the theoretical method where they are conceived of as different 'layers' or dimensions that are successively built up in the process of the comprehension of the existing totality. Therefore it is the same denial of the same contradiction which takes place whenever any of these various levels of contradiction, from the most abstract to the more concrete and 'recent', are treated as passing into one another 'immediately', as is the case here when simple labour is subsumed in abstract labour. This latter tendency denotes a movement away from difference and towards identity which, as we have seen, entails the loss of Marx's specific contribution and fails to raise him above the level of his classical predecessors. For example:

"The concept of labour in general, abstract labour, as the source of all wealth and of value was introduced by Adam Smith and could not have been conceived in its simple, general form until capitalist production had reached a certain stage of development. Réal history is more than a dance of abstract concepts". (Brewer, 1984; p. 195)

Confounding simple and abstract labour here results in crediting Adam Smith the uncovering of abstract labour, labour "in its

simple general form", which Brewer takes to mean the form in which it is value-creating. The denial of contradiction expresses itself here in the failure to distinguish the contributions of the various dramatis personae in the history of the labour theory of value. Similarly Pilling says:

"The Wealth of Nations marks a new leap forward in that it sees 'labour in general' as value-creating... The category of 'abstract labour' which Smith correctly sees as forming the basis of value was an expression of the economic categories which were being created by the development of the class struggle; for here was reflected a society where the organic bond between an individual and his labour was in the process of violent rupture". (1986; p. 28)

Here the existence of abstract labour is seen to follow in the wake of the rupture between the individual and his skill, to which he was 'organically bonded'. We shall return to this vision of abstract labour appearing on the historical stage with the demise of skill and of manufacture as the basis of social production. For the moment we must note that, again, when simple and abstract labour are confounded, a myriad of erroneous results ensue. One of these is the attribution to capitalism of the potential to maintain the proper quantitative proportions between the different branches of the social division of labour. This faculty is more or less openly avowed by Gleicher when he says that:

"... abstract labour is a measurable phenomenon in its own right". (op. cit. p. 28)

It is obvious that the spontaneity of the capitalist economy disappears when abstract (social) labour is made amenable to precise calculation in the process of production itself. This emasculation of the very nature of capitalism is the inevitable consequence of what Gleicher et alia are arguing for, namely:

"... the existence as a 'social substance' of abstract labour: labour that is homogeneous with respect to commodities, and is thereby capable of regulating prices. The emergence of this substance in the context of capitalist relations of production is what Mohun terms the 'real abstraction of labour' and what I have treated... under the rubric 'historical abstraction of labour'". (1986; p. 465)

In fact Mohun identifies the exchange process itself as the locus for the 'real abstraction of labour', as a process of abstraction which takes place every day in the capitalist society. Whereas Gleicher's 'historical abstraction of labour' traces the development or coming-to-be of abstract labour outside of the exchange process as an autonomously existing 'entity'. And, as we have noted, this existence is so conceived that:

"... the abstract labour required per unit of a commodity can in principle be measured in its own units (labour time) prior to its realisation in money". (ibid; p. 467)

Thus whereas for Marx abstract labour is a social magnitude conferred on the commodity by money outside the process of production, here it is treated as a predetermined individual magnitude reckoned in the production process itself. But there would be no need, no essential inspiration for value to exist in the first place where the quantitative interrelations between the various branches of production were predetermined. Therefore the case for the 'historical abstraction of labour' evokes the same response as that which Marx gave the 'time-chitters' when they attempted to render individual labour as immediately social labour, namely that:

"This demand can be satisfied only under conditions where it can no longer be raised". (1981a; p. 172)

These same 'harmonist' tendencies are present in Steedman when he says of the theoretical assumptions which underlie his treatment of Marx's transformation procedure:

"Any worker can perform every kind of 'concrete' labour. All productive activities of a given kind are assumed to be carried out under identical conditions and with equal efficiency, so that each individual expenditure time is an expenditure of socially necessary labour time". (1977; p. 19)

These and similar assumptions are widely held in the literature, so much so that Steedman's proposed solution to the 'transformation problem' is often treated in the absence of reference to his

theoretical assumptions, the focus being turned on his algebra.

This being the case, Steedman can state unabashedly:

"It being understood that the object of discussion is a capitalist commodity producing economy, 'coordinated' through money flows in markets, and that only socially necessary abstract social labour, of average skill and intensity is referred to, it may be said that the magnitude of value is a quantity of embodied labour-time. That this statement accurately reflects Marx's position cannot be altered by pointing to the fact that Marx was much concerned with the 'form of value', with the nature of 'abstract labour' and with the 'universal equivalent'". (ibid; p. 211)

If this last is the case, then it cannot be altered at all.

Only rejected. Certainly the subsequent literature which becomes algebraically involved with Steedman's supposed solution to a supposed problem does little to alter it.

Brewer's contention that the failure to consider abstract labour as a 'real' existent has the result that history becomes a mere 'dance of concepts', and the relegation of the 'form of value' to almost an afterthought by Steedman, suggests a purely empirical approach to the labour theory of value. We know from the previous chapter that Marx's labour theory of value does not exclude empirical investigation and knowledge. It only denies the supreme status of empirical data. It reduces them

to the first stage of the process of production of knowledge, that of the analysis. What is required to complete the method and allow comprehension is what Marx termed, in the Preface to the first German edition of Capital, "the force of abstraction". Hence, in terms of method, and therefore in terms of 'solutions' to 'problems', there is a fundamental ignorance in these accounts of the real nature of value and its substance. Ciphred solutions which are built upon this ignorance are only a substitute for Marx's method and must therefore be rejected as fundamentally unsound.

II

The ascription to capitalism of those capacities which are part of a consciously planned economy, by allowing socially necessary labour-time to exist in the process of production, has an air of fatalism about it. Under the ascribed circumstances, there is nothing to hinder capitalism from existing in perpetuity. This is the more so since contradiction, which is fatal to perpetuity, has been abolished, and of what remains, Steedman can say:

"So far as they go these solutions are logically sound - and that is that". (Ibid; p. 33)

From what has been said thus far, the brand of 'logic' that inspires both Steedman and Brewer may be considered in the British 'analytic' tradition, whereas Gleicher, who reaches the same conclusions, is an American, within a somewhat different, and more latter day,

'tradition'. The formulation of Gleicher's argument relies heavily upon the work of Braverman (1974) who investigates the American capitalist system from the study of the labour-process and its developments in the 20th century. Gleicher utilises Braverman's research to substantiate his principal conclusion that:

"Through the reduction of the worker's activity to abstract labour, value ceases to be merely the negation of use-value manifested in the sphere of circulation, but now acquires a positive social existence". (1983; p. 111)

Of course, as we have shown, this conclusion is not uniquely American. Yet the particular manner of its disposition, and most of its theoretical presuppositions, show distinct traces of the response to a question asked by Werner Sombart years before. Ten years after the inception of the debate from which arose Engels' 'historical' dimension to the transformation procedure, Sombart inquired Why is there no Socialism in the United States (1906). His own reply was that socialism had "foundered upon shoals of roast beef and apple-pie", and the subsequent response to this would be concerned with, among other things, the social and historical presuppositions which made this abundance possible.

Behind Sombart's answer lay his observance of the social mobility of individuals in American society, and which, he believed, would reduce demands for changing the system. This was well taken.

For in the ensuing discussion that Sombart's question and answer had generated, it seemed that American society required the application of the concepts 'status' and 'rationality' at the expense of those of 'class' and, significantly, 'contradiction', which were characteristic of Marx's emphasis. The latter's notion that the working-class, the direct producers, were distinct because they stood in a unique relation to the means of production which rendered them the agents of any fundamental change, was later dismissed by C. Wright Mills as:

"... a labour metaphysic... a legacy of Victorian Marxism that is now quite unrealistic". (1967; p. 256)

Mills elevated the 'intelligentsia' to the level of those who would fulfil the "progressive tendencies", occupying the role left vacant by what was considered to be working-class "default". Thus the consideration of Sombart's question came to involve the investigation and explanation of the manner in which the radical potential of the working-class had been annulled, and they themselves absorbed into the capitalist system. The development of these investigations became more expansive, and began to entail more than Sombart's culinary delights as to the reasons surrounding the elimination of the working-class as a positive source for change. Classical sociology provided much of the nomenclature for the subsequent descriptions of this process. Although Weber is perhaps the most influential overall, we may treat the classificatory system used by Ferdinand Tönnies as being more or less paradigmatic for this response.

Tonnies sees history in terms of the progression from the corporate and communal to the individualistic and rational. His own terms for characterising these different states of affairs are to be seen when the historical transition from the one to the other is in terms of a movement from 'Gemeinschaft' to 'Gesellschaft'. Manifestations of Gemeinschaft are said to be found in guild-membership, fellowships of the arts and crafts, traditional forms of authority, etc. Whereas the essence of Gesellschaft is individualism, calculation, and rational authority. Weber too has his models of 'rational' and 'traditional' types of authority. Industrial society, especially in its 20th. century American form, comes to be treated as the epitomization of forms of Gesellschaft, and where the workers are pictured as estranged from their tasks, and as consequently suffering the effects of alienation and anomie, prisoners of a technological 'iron cage', forged by mechanisation and the destruction of craft skills and the social milieu these engendered.

Given this background, and, if we recall that Marx himself singled out the United States as the locus for simple, unskilled labour, mobile over a variety of tasks, then all of the ingredients were assembled whose combination would produce a purely negative characterisation of abstract labour, at the expense of its positive social significance.

Braverman's book falls within this tradition to the extent that he has inherited many of its theoretical presuppositions, and which reveal themselves in some of his emphases. His book is subtitled "the degradation of work in the twentieth century", the implementation of the techniques of 'scientific management'.

Mohun (1983) remarks that:

"Criticism of Braverman's work... tend in general to focus on his attempt to analyse the modern working-class as a class 'in itself' rather than 'for itself', and his consequent eschewing of all analysis of working-class consciousness, organisation, and activities. This approach renders the working-class a mere object of capital, passively accommodating to the changing dynamic of valorization, and this loses sight of the ways in which class struggle at the point of production is central to an understanding of the development of the capitalist labour process".
(p. 270)

However, here we are concerned with the collapsing of simple labour into abstract labour, as the methodological prerequisite for the kind of neglect Mohun mentions, and makes this manner of result virtually inevitable in the circumstances. It is no accident that most of Braverman's results concur with the findings of an earlier study of monopoly capitalism by Baran and Sweezy (1966), in particular with regard to the complete

domination over labour by monopoly capital. It is only 'capital' after all, working-out the inherent tendencies in its nature.

But it is a fact that whenever there is something that is considered 'new', then its contemporary appraisal inevitably results in some conclusion that says Marx is no longer relevant, or that his work is in need of substantial 'modification'.

This itself is one large symptom of the failure to comprehend the theoretical method.

However, for Braverman, the specific product of this domination, and that which is to be bemoaned, is the presence of simple, unskilled labour, which presence, is the epitome of 'the degradation of work in the twentieth century'.

The breaking or 'rupture' of what Pilling terms the 'organic link' between the worker and his labour, which link comprised the skill required for its productive expenditure, is treated as tantamount to the loss of community, lamented by almost all of the major European sociologists. Braverman writes:

"With the development of the capitalist mode of production, the very concept of skill becomes degraded along with the degradation of labour and the yardstick by which skill is measured shrinks to such a point that today the worker is considered to possess a 'skill' if his or her job requires a few days' or weeks' training... We may compare this with

the traditional craft apprenticeship, which rarely lasted less than four years and which was not uncommonly seven years long". (p. 444)

This stress on the negative aspect of simple unskilled labour, at the expense of its positive significance, can be seen in the fact that, from what he has said here, Braverman could not bring himself to exalt the fact of the increasing productivity of social labour, considered as the fundamental prerequisite for a system of socialist production. Again, he reads the freedom from a circumscribed 'specificity' on the part of the worker as a loss of freedom. However, to approach our subject more directly, Braverman says:

"We see that this abstraction from the concrete forms of labour - the simple 'expenditure of human labour in general', in Marx's phrase, - which Marx employed as a means of clarifying the value of commodities, (according to the share of such general human labour they embodied) is not something that exists only in the pages of Capital... Labour in the form of standardized motion patterns is labour used as an interchangeable part, and in this form comes ever closer to corresponding in life to the abstraction employed by Marx, in analysis of the capitalist mode of production". (ibid; p. 181)

Here the movement from the abstract to the concrete is conceived in terms of the continuing materialisation of an abstract concept. Presumably Braverman considers that when Marx conducted this

abstraction in the last century it lacked a material counterpart. Then, the existence of specifically useful labour was manifest among the labouring population, and distinguished them as having exclusive occupations, in these circumstances, the abstraction 'human labour in general' appears somehow 'more' of an abstraction, or it is conceived of as a 'real' abstraction from the existing diversity of the concrete. Now, however, the existing concrete itself comes ever closer to realising this abstraction by bringing into being 'human labour in general' as a 'fact' of capitalism and which represents for Braverman, as we have seen, the 'substance' of value. Braverman has simply assumed in this transition that the quality of the substance of value is its general human quality, which means that when he speaks of 'value', he can only mean 'magnitude of value'. What he considers to be Marx's 'definition' of the substance of value is always couched in terms of 'expenditure' and 'embodiment', and seems to consider, like Engels, that it is a validation of Marx's theory of value if it can be shown that the 'substance' of value exists in fact, as a quantifiable stuff, and that the magnitude of value does indeed depend upon the amount of 'labour' that is embodied in commodities. Actually the abstraction Marx employs, 'human labour in general' is not his own, and it would be better to say that he articulates it. It is an abstraction that is carried out by the exchange process itself when it equates every kind of labour, in this manner bestowing a social uniformity which abstracts from the various useful properties of the labours. That every commodity

has a 'price', and before it is metamorphosed into this price, is testimony to the abstraction that must be carried out in those conditions of social production that are based on exchange and exchange-value as the all-sided mediation. Again, the portrayal of the social character of labour as its natural-human character obscures rather than clarifies the nature of value-creating labour. It allows the reification of the existing production relations by giving them a natural foundation; man must labour, and labour is the source of value. Thus, rather than being utilised by Marx to 'clarify' the nature of value-creating labour, as Braverman suggests, the 'expenditure of human labour in general' is the appearance form that Marx found in existence, both as it was presented in reality and in the works of his classical predecessors, and which had to be transcended in order to 'clarify' the nature of value-creating labour.

For both Braverman and Gleicher then, the ascent from the abstract to the concrete is in terms of an historical, as opposed to a theoretical, process. Like Engels, their starting-point is with a relation which is 'actually available'. In this connection Gleicher says that Braverman:

"... in his pathbreaking work on the capitalist labour-process, identifies 'Babbage's principle' as the motivating force behind the historical abstraction of labour". (1986; p. 465)

The application of this 'principle', according to Braverman, means precisely that:

"... in a society based upon the purchase and sale of labour-power, dividing the craft cheapens the individual parts". (op. cit. p. 80)

The loss of craft skills through their division and dissemination signifies, historically, the loss of any control the worker may have had over the labour-process and thus marks the beginning of the 'real' subordination of labour to capital. Braverman continues:

"The mass of the workers gain nothing from the fact that the decline in their command over the labour process is more than compensated for by the increasing command on the part of managers and engineers. On the contrary, not only does their skill fall in an absolute sense (in that they lose craft and traditional abilities without gaining any new abilities adequate to compensate the loss) but it falls even more in a relative sense". (p. 425)

As remarked, it is this loss of skill which is seen as the essential precondition for the emergence of what Gleicher calls:

"... abstract labour... subjective activity of producing use-value that is not specific to the production of any single use-value, but which, to the contrary, represents the possibility of producing a wide variety of use-values". (1983; p. 97)

It would be incorrect to identify completely what Gleicher has just described with simple, unskilled labour. Gleicher gives

the labour he refers to as abstract labour the added dimension of 'skill'. He describes this concordance of abstraction and skill as the process of "the deepening of abstract labour" as follows:

"The statement that the abstraction of labour is 'deepened' through mechanisation means that, not only is the subjective activity of the factory worker detail labour, but also the labour-power throughout the hierarchy of skills becomes, for the first time historically, capable of being employed across industries in the proportion dictated by the rate of profit". (ibid; p. 117)

Presumably then, the 'deepening' of abstract labour refers to the fact that even labour that is to be considered skilled or complex is penetrated by the attribute of mobility, and that abstract labour, like the bourgeois class historically, "settles everywhere, nestles everywhere". On the other hand, if these skills were acquired in a matter of days or weeks, then Gleicher's proposition would be compatible with what Braverman says in this regard, and also therefore with that simple labour 'that anyone can be trained to do'.

However, this retention of 'a hierarchy of skills' is in complete agreement with the findings of Bowles and Gintis (1977) who, adopting Weberian criteria, speak of abstract labour as existing

'heterogeneously', by which they mean that it is comprised of different levels of skills. Designating something that is socially homogeneous by sheer necessity as 'heterogeneous' is a fitting complement to the designation of something that is necessarily abstract as 'concrete'. Only, it was Hegel who was to be stood upon his head, not Marx. There is a further twist to the description of abstract labour as concrete labour, that is in order that it does not actually become concrete labour, Gleicher adds:

"The individual worker, no matter what rank he/she occupies in the hierarchy of skills, is not a producer of a use-value. Each worker's labour is abstract. The engineer is no more the creator of automobiles than the assembly line worker". (ibid; p. 118)

Here as everywhere, the stress is never upon the positive social effect of cooperation and collective labour, but upon the loss of individuality and that autonomy of the worker that was the principal characteristic of the craftsman.

Before we go on to consider these positive and negative aspects, we must consider on its own that social mobility of labour that is the 'conditio sine qua non' for the identification of simple and abstract labour.

In the letter to Kugelmann, quoted earlier, Marx informs him that:

"... science consists precisely in demonstrating how the law of value operates... " (op. cit.)

and the model of the simple commodity economy is constructed for this precise purpose. It denotes that deviations from labour-value causes transfers of labour from the less to the more profitable branches of the social division of labour. It thus assumes the mobility of the producers across these branches. Equilibrium is achieved when the products of each of these branches exchanges according to their labour-value, so equilibrium describes that state of affairs where there is equal advantage for all and the transfer of labour ceases. Hence the assumption of mobility can be suspended without the social character of labour ceasing to express itself abstractly, i.e. as 'human labour in general'. Exchange itself must be suspended to achieve this last result. The real 'conditio sine qua non' is socially mediate private labour, and this is the characteristic feature of both the capitalist society and in the model of the simple commodity economy. Even this appears tautological since the latter is merely the former expressed theoretically, i.e. as the abstract consideration of its determining characteristic - the value-relation.

The removal of what is taken as the essential determining characteristic of abstract labour as a palpable existent - its mobility or 'homogeneity across use-values' - does not therefore entail that abstract labour itself becomes more 'opaque', or that evidence for its existence has diminished. The primary characteristic of the existing subject, and therefore of its theoretical reflection, is that, in each case, production is based upon exchange values. The proportions of exchange regulate production in reality and in the model of reality, i.e. exchange is the universal social connection. With this foundation, then, as Marx says:

"... the exchange of commodities is an act characterised by a total abstraction from use-value.... But, if we make abstraction from its use-value, it can no longer be regarded as the product of the labour of the joiner, the mason, the spinner, or any of the other definite kinds of productive labour... we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract". (1983; p. 46, my emph.)

Here the emergence of the 'category' abstract labour, considered as human labour in general, is brought about, or originated, by "an act" which "we" precipitate by actually exchanging the products of labour with one another. Therefore the social character of labour expresses itself as abstract human labour because this latter is precisely the product of social intercourse, and not of Marx himself, as is claimed by Braverman and others.

Marx's 'discovery' of the value-substance as 'abstract human labour' is in fact merely the product of an act of 'observation' of existing social practice. But, as Marx notes, the existing subject is not only the presupposed ground for 'observation', but for 'conception' as well:

"... the concrete totality is a totality of thoughts, concrete in thought, in fact a product of thinking and comprehending... a product of the working-up of observation and conception into concepts..." (1981a; p. 101)

The concept of abstract labour - when this is considered as denoting human labour in general - is not "worked-up" in this sense, but is 'given' by simple contemplation of the existing reality. This product of mere 'observation' - i.e. that in the exchange process the various kinds of labour are represented as labour generally; or as simply 'labour' - was available to the classical economists, as we discussed earlier. They only insisted that it was 'labour' prior to the act of exchange as well. But it would only collaborate the findings of the classical economists to say that Marx defined the substance of value as human labour in the abstract. The 'category' of abstract labour, as human labour in general providing its sole content, only 'fills-in' what was implicit in the classical analysis. It was the same substance, under the rubric 'labour', that filled the concept of value for Smith and Ricardo. Marx merely articulates this 'labour' further by providing a generic or physiological definition. But it is not this further articulation by Marx which represents the transcendence of his classical predecessors,

and constitutes the shift from 'observation' to 'conception'.

If we recall where this transcendence occurs, we shall be better situated to examine the positive and the negative assessments of simple labour and to bring out its real methodological significance.

Marx says at this point:

"... The innumerable equations of which the general form of value is composed, equate in turn the labour embodied in the linen to that embodied in every other commodity, and thus convert weaving into the general form of manifestation of undifferentiated human labour. In this manner the labour realised in the values of commodities is presented not only under its negative aspect, under which abstraction is made from every concrete form and useful property of actual work, but its own positive nature is made to reveal itself expressly... The general value-form, which represents all products of labour as merely congelations of undifferentiated human labour, shows by its very structure that it is the social resume of the world of commodities. That form consequently makes it indisputably evident that in the world of commodities the character possessed by all labour of being human labour constitutes its specific social character". (ibid; p. 72, my emphasis.)

At this new depth, this deeper level of meaning, abstract human labour is a character assumed by all of the different kinds of labour only so soon as they come together to construct or constitute

a social relation. Concrete useful labour is given an identity within this relation which it does not possess outside this relation. Obviously then, only this relation posits this identity, or brings this abstract identity into existence. That therefore abstract labour is essentially the product or expression of a relation between people, is the positive result that is disclosed by this abstraction, considered now as engendered by the value-relation. The negative result is so designated because, whereas Marx affirms the positive determination that is revealed by the equalisation of the different labours, it removes and denies qualities and determinations that pertain to the existing different forms of labour. By moving from the concrete to the abstract, and remaining there, means never overcoming a natural/physiological concept of abstract labour. Marx takes us 'back' to the existing forms of labour as redefined, as conceived differently, so that our knowledge of them is altered. The different kinds of labour are different concrete expressions of social labour, and are not negated nor denied in order to be subsumed under this description; that is why the result is positive - what exists has a dimension added to it while it retains its concrete identity. It follows from this that social mobility is a feature of concrete, and not of abstract, labour.

Therefore the real significance of simple concrete labour lies in the fact that its existence confirms that the 'law of motion' of capitalist society drives towards the ever-increasing expansion

of the social character of production, the development of truly socialised production. Marx depicts this positive significance of simple labour when he comments on the:

"... development of the productive powers of labour, which capital incessantly whips onward... have flourished to the stage where labour in which a human being does what a thing could do has ceased... Capital's ceaseless striving towards the general form of wealth drives labour beyond its natural paltriness, and thus creates the material elements for the development of the rich individuality which is all-sided in its production as in its consumption, and whose labour also therefore appears no longer as labour, but as the full development of activity itself, in which natural necessity in its direct form has disappeared, because a historically created need has taken the place of a natural one. This is why capital is productive i.e. an essential relation for the development of the social productive forces. It ceases to exist as such only where the development of these productive forces themselves encounter its barrier in capital itself". (1981a; p. 325)

This level of development, where capital itself (as the 'private' or 'individual' pole of the two-fold character of labour) becomes a barrier, is the highest expression of the contradiction between use-value and value or between the private and the social character of labour. To meet its individual ends capital must galvanize and develop the social process of production, and the expansion of capital requires, of necessity, the expansion of its

opposite. Capital, being in opposition, is founded on what negates it, and is thus in opposition with itself and must go under. To develop itself, to maintain its essential identity as a value that breeds value, it is compelled to develop the very thing that, standing in opposition to its private character, will destroy it. But this vision of development, which more or less culminates the dialectical synthesis, is made possible by the application of the theoretical method, and the vision this allows, of the inherent tendencies of the existing subject itself. And it is a legitimate vision because no extraneous or 'Messianic' material has been introduced into the subject from outside. If this is the case, then the same is also true of the method, which is only what exists reflected upon. Thus when Marx says that:

"The totality as it appears in the head, as a totality of thoughts, is a product of a thinking head, which appropriates the world in the only way it can... The real subject retains its autonomous existence outside the head just as before... Hence, in the theoretical method... the subject, society, must always be kept in mind as the presupposition". (op. cit.)

The 'thought concrete' is governed in every direction by the existing subject itself. Therefore the progressive tendencies of this subject, which comprise its 'law of motion', or the working-out of the unfolding of its inhering contradiction, is not 'thought up' by Marx and imported into the subject, but arrived at by the comprehension of the subject itself. And so

if we wish to demonstrate the positive significance of the existence of simple labour, we must say that it lies in the fact that it indicates this type of development, instead of its purely negative characterisation, as when it is treated as synonymous with 'degradation' and 'loss'.

It is obvious that in the point of view we are discussing here, the methodological significance of simple labour has been totally misread. In place of opposition and the real contradiction between the private and the social character of labour, we are given a new 'polarity', between 'skilled' and 'unskilled' labour; or between the conditions that pertained in the past and those which pertain in the present. In effect, between rest and motion. For the objection that is raised against the 'motion' of the modern worker is a consequence of the fact that those who raise this objection are blind to the larger dialectical motion which necessitates the fluidity of social functions. Braverman speaks of the workers losing their skills "without gaining any new abilities to compensate the loss". And elsewhere he talks of "emancipation" in terms of:

"... the return of requisite technical knowledge to the mass of the workers and the reshaping of the organisation of labour". (p. 445)

But the opposing perspective sees the inevitable and the positive significance of the demise of skill, and appreciates the period and conditions, where the skill of the worker was the foundation of social production, as a vanished moment, or as a set of conditions that are superseded by the inherent nature of value in the form of capital. And whereas Braverman sees the restoration of skill and expertise to the workers, as the condition for emancipation, Marx considers the progressive elimination of skill in Braverman's sense, as forming this condition:

"... The possibility of varying labour must become a general law of social production... the partially developed individual, who is merely the bearer of one specialised social function, must be replaced by the totally developed individual, for whom the different social functions are different modes of activity he takes up in turn". (1983; p. 488)

Emancipation requires ease of function and the reduction of necessary labour-time to a minimum, both for the individual and for society as a whole, so that:

"Just as the savage must wrestle with Nature to satisfy his wants... so must civilised man, and he must do so in all social formations and under all possible modes of production. With his development this realm of physical necessity expands as a result of his wants; but at the same time, the forces of production which satisfy these wants also increase. Freedom in this field can only consist in socialised

man, the associated producers, rationally regulating their interchange with Nature, bringing it under their common control, instead of being ruled by it... and achieving this with the least expenditure of energy and under conditions most favourable to, and worthy of, their human nature..." (1984; p. 820)

For Braverman, the condition which is perceived of as being 'lost', is also seen as requiring that we 'return', i.e. to those conditions which pertained during the period of manufacture and of the 'formal' subsumption of labour under capital, and prior to its 'real' subsumption. A purely negative comparison is thereby drawn between the modern individual worker and the more 'fully developed' and autonomous individual worker of the past. What Marx says is apt here:

"In earlier stages of development the single individual seems to be developed more fully because he has not worked out his relationships in their fullness, or erected them as independent social powers and relations opposite himself. It is as ridiculous to yearn for a return to that original fullness as it is to believe that with this complete emptiness history has come to a standstill..." (1981a; p. 162)

The initial polarity, which we suggested provided the theoretical backdrop to that viewpoint we are discussing here, between *Gemeinschaft* and *Gesellschaft*, remains the fundamental contrast.

Therefore the less likely it appears, from this perspective, that elements of Gemeinschaft can remain in the contemporary world, then the more they must develop a sense of 'fatalism', where the sense of 'history coming to a standstill' is expressed as capitalism existing in perpetuity. As in the 'embryonic' question of the fundamental nature of the substance of value, so at the level of historical reality, this point of view cannot distinguish the positive in the negative because the essentially social determination of the categories is completely absent here. Concrete labour is made to vanish completely, since whereas for Marx, value emanates from the two-fold character of labour, in this perspective it is considered to be produced by the uniform 'human' character of labour. Contradiction is therefore not a part of this perspective, it can therefore proceed to complete the notion of the uniformity of labour by utterly subsuming the concrete in the abstract. Yet despite its modern appearance, and its preoccupation with Fordism and 'scientific management' it is essentially a pre-Marxist outlook because, as we have just seen, it has a purely 'quantitative' purpose, it abolishes the 'qualitative' dimension because it considers that only exchange-value has a role in political economy. That is why Gleicher says that as far as political economy is concerned, value comprises "labour as such". This is true of political economy only if we exclude Marx.

The argument for the real 'historical' existence of value, in both its 'traditional' and 'latter day' forms, fails to raise

Marx's contribution above that of his classical predecessors. Therefore it can neither adequately answer Marx's critics on the 'contradiction' between Capital Vol. 1 and Capital Vol. 3, nor provide a satisfactory methodological solution to the so-called 'transformation problem', with or without the 'historical' dimension. In the following chapter we shall attempt to provide these requirements when considering those contemporary contributions to the discussion on these matters. The historical/logical divide, which was present at the inception of this debate remains, and the acceptance or rejection of Engels' account continues to be expressed in these forms.

CHAPTER THREE

THE DEBATE AFTER ENGELS:

THE METHODOLOGICAL SOLUTION TO THE 'TRANSFORMATION PROBLEM'

"Engels's article on the law of value and the rate of profit is an important addition to the third volume of Capital, and is at the same time of considerable importance for the correct understanding of the Marxian economic theory as a whole. Countless critics of Marx used up mountains of paper trying to prove the alleged contradiction between the first and the third volumes of Capital. ... Proceeding from Marx's proposition that value, not only theoretically but also historically, is the 'prius' (antecedent) of the price of production, Engels shows the historical appearance of value with the rise and development of exchange, and the historical transition from value to prices of production when simple commodity production was superseded by capitalism... Engel's essay is a splendid example of the genuine materialist explanation of the Marxian theory of value and is still unsurpassed as a weapon in the fight against all kinds of idealistic distortions of Marxism". (Institute of Marxiam Leninism, C.P.S.U., in Engels, 1979; p. 11)

What this account fails to take note of is that amongst these "countless critics" one of the most influential and enduring also proceeds from Marx's "proposition" that value is not only theoretically but also historically prius to the prices of production. And that therefore this point of departure does

not, by itself, ensure a "genuine materialist explanation" - which in any event merely assumes what it should set out to establish.

At the same time, and as far as concerns the existence of any textual evidence for Marx's advocacy of an historical dimension to the transformation procedure, in his letter to Sombart, cited earlier, Engels confesses that this is a point "about which Marx himself does not say much". And the influential critic, Bohm-Bawerk, who sees Marx through the filter provided by Engels, also admits that - concerning the existence of an historically antecedent 'value-epoch' - that:

"This is an argument that has not been developed with precision and clearness by Marx..." (op. cit. p. 40)

However, the difference between Bohm-Bawerk's treatment of Marx and that of the earlier 'logical' exponents consists in the circumstances that:

"Sombart had defended the labour theory of value as a logical rather than an empirical category. This, Bohm-Bawerk maintained, would not have satisfied Marx, for whom value did have 'an existence in the real world and not merely in thought'. The inescapable conclusion, however, was that the labour theory of

value had never applied, even in primitive societies. This meant that the whole Marxian system was, like that of Hegel before him, 'a house of cards'". (Howard and King, 1989; p. 52)

And it is in relation to Marx that Bohm-Bawerk asks:

What are we to think of this reasoning? ... How exchange would present itself in those primitive conditions of society if everything took place according to the Marxian law of value; but that this description contains no shadow of proof, or even an attempt at proof, that under the given assumptions things must so take place... he consequently makes a bold jump when he proclaims as an ascertained result that it is therefore quite consistent with facts to regard values, historically also, as prior to the prices of production. As a matter of fact it is beyond question that Marx has not proved by his 'supposition' the historical existence of such a condition. He has only hypothetically deduced it from his theory". (op. cit. p. 43)

Why is it that both Engels and Bohm-Bawerk make such firm assertions regarding a connection that was earlier described as neither clear nor precise? With regard to Bohm-Bawerk, Marx's "bold jump" is seen to consist in his attempt to connect his illustrations of the workings of the theoretical model of the simple commodity with conditions that take place in reality.

In this manner the model of the simple commodity economy is married to the 'historically prius' quote as though the former were being utilised by Marx as an illustration of the truth of the latter. Since examples utilising this theoretical model occur throughout Capital then, when the connection of these with the 'prius' passage is made - as it is by both Bohm-Bawerk and Engels - together the historical dimension to the transformation process and Marx's connection with it are so firmly established that the genuine theoretical method is completely lost.

For example, the "supposition" referred to by Bohm-Bawerk is undertaken by Marx when he considers that:

"The salient point will best be brought out if we approach the matter as follows: Suppose the labourers themselves are in possession of their respective means of production and exchange their commodities with one another". (1984; p. 75)

All that Marx is doing here is abstracting from the presence of capital, while retaining the simple untrammelled value-relation - the fundamental social relation of the existing subject. But what is characteristic of the approaches of both Engels and Bohm-Bawerk is precisely that this theoretical assumption, or 'supposition' is seen not to be derived from the really existing social subject but is said to exemplify certain 'primitive conditions'.

What this whole approach loses sight of is the methodological priority which consists in the fact that what distinguishes the presents from the past, or the specific subject of Marx's inquiry from the prehistory of that subject, is that they are not governed by the same social necessity, and that therefore they cannot share an identical essence - comprising 'value-creating labour'. The value that is studied by Marx presupposes the interconnection of every form of labour, of all of the labours. The law of value pertains exclusively to the social character assumed by private labour, not to the individual 'incorporation' or 'embodiment' in the process of production itself. It is then both methodologically and practically impossible for the same kind of labour to regulate exchange transactions then, and exchange transactions now. It is also impossible therefore for the theoretical model of the simple commodity economy to coincide with any actually existing 'prius' state of affairs.

The suggestion that the contrary is the case, in the case of Marx himself, is treated by Bohm-Bawerk as Marx's "retreat under fire", i.e. as his attempt to stave-off the inevitable conclusion that this theory of value was a purely logical construction and his 'system' a "house of cards". Marx is characterised throughout Bohm-Bawerk's critique as attempting to introduce 'extraneous' or fictitious 'historical' material, in the attempt to give his theory of value some basis in 'reality'.

Rubin remarks:

"Bohm-Bawerk's arguments at first glance seem so convincing that one may boldly say that not a single later critique was formulated without repeating them". (1982; p. 61)

The continuation of the 'real'/'logical' divide concerning the nature of value which takes place within this debate, defining its boundaries, as well as the retention of elements of Bohm-Bawerk's critique, are perpetuated and sustained by those on both sides who fail to discriminate here between Marx and Engels, and thereby identify the claims of the latter for the 'historical' reality of value as the singular, authentic and exclusive claim for this reality. The inevitable consequence of the adoption of this position is that Marx is read as having said that the reality of value is 'historically prius' and that, in the absence of this reality, it is to be considered as only theoretically or logically prius. That in the absence of this 'historical' verification, it is a mental fiction.

What is therefore inherent in the debate around the 'historical transformation problem' - because shared by the extremes that make it up - is the conviction that, whatever else may vary, the demand for the real existence of value must entail a flight from the actually existing subject to its own historical presuppositions. Thirty years before this Marx had written:

"So long as each person works for himself with his own tools and sells his product himself (but in reality, the necessity to sell products on a social scale never coincides with production carried on with the producer's own means of production)". (1972; p. 74 my emphasis)

This means that if we wish to establish the manner in which the law of value is expressed in the prices of production we must apply the theoretical method to the existing state of things via the dissolution into and reconstruction of its 'abstract determinations'. The method is utilised in order to discover how the subject 'lives', how it is enabled to produce and reproduce itself 'proportionally', that is, maintain itself as a system of essentially social production. That is why the use of this method secures the "scientific conviction" that:

"... all of the different kinds of private labour, which are carried on independently of each other... are continually being reduced to the quantitative proportions in which society requires them..." (op. cit.)

The habitat of the law of value is broader than the simple proposition that the value of a commodity is determined by the amount of abstract human labour in general it embodies. The theoretical bankruptcy of this singular formulation is shown by its neglect of the present, manifested in its ability to be

deemed applicable before the emergence of the present. For Marx the value relation does not 'flow into' the present but emerges from it, as the expression of a 'universal' relation.

However there were always dissenters from the view that Marx treated the transformation procedure 'historically'. With regard to the man who was among the first of these, Howard and King report that:

"Value was a purely theoretical concept, Sombart argued, and it was neither necessary nor possible for it to correspond to any observable historical situation... Unless Engels assured him of the contrary, Sombart concluded, he would interpret Marx himself as having taken a similar position". (op. cit. p. 46-7)

Eighty years later, Morishima and Catephores (1975, 1976), echo the precise sentiments of Sombart, both in regard to the purely logical status of value and in their advocacy of the proposition that Marx had "taken a similar position".

Dispensing with the real or the 'historical' position obviously requires the separation of Marx from Engels, a process which is begun when Morishima and Catephores (M and C) express what is to be considered as the primary condition for any attempt to supply an historical dimension to the 'transformation problem' as:

"In order to provide an historically oriented justification of the labour theory of value, by interpreting Marx's transformation of value into price of production as an historical process, one must be able to show that the scheme of transition from the simple commodity economy is an admissible abstraction of historical reality at some reasonable level". (1975; p. 314)

By citing "merchants capital", whose formation takes place prior to capitalism, and whose 'modus operandi' of buying cheap and selling dear does not display the requirement of a pre-capitalist 'exchange of equivalents'; and by also highlighting the absence of transfers of labour in the pre-capitalist period, M and C find an 'historically oriented justification' untenable, concluding that:

"Simple commodity production has never been realised in history in its full or pure form, or even in some tolerably approximate form, because of the lack of mobility of producers among jobs in the pre-capitalist age". (ibid, p. 315)

This is an important theoretical point, whose full significance is however lost on M and C. Nevertheless, this lack of mobility enables monopolisation by particular individuals and the subsequent sale of the products of labour at prices which do not reflect labour content. They present their result as:

"Therefore although it is reasonable to invoke Engels in support of the view that values are not only logically but also historically prior to the prices of production (hence that an historical transformation problem can be formulated) the authority of Marx, carefully read and interpreted, should not be so invoked". (ibid, p. 318)

Before we present the results of M and C's "careful" reading and interpretation, we must reiterate the point that Marx's connection with the 'historical' dimension to the transformation procedure was always a tenuous one so long as the only evidence for this attachment comprised the 75 words that make up the 'historically prius' passage in Chapter 10 of Capital Vol. 3. However, when this passage is interpreted in such a way that Marx is considered to be alluding to the existence of an historically antecedent 'value-epoch' then his methodological use of the model of the simple commodity economy may be harnessed as illustrating just aspects of the functioning of this epoch. As soon as this link has been established, what should be a rational process of comprehension becomes a contribution to historiography. On the other hand, if Marx himself is to be recruited to the 'logical' camp, it is this correspondence of theory and reality that must be broken. Marx's theoretical insights must be separated from whatever it is that takes place in reality. It is obvious then that what the historical/logical divide addresses itself to is the question of the reality or non-reality of value itself. Only,

as we have noted, it is always the 'historical' reality of value that is defended or refuted i.e. the conception of value held renders impossible that it should exist contemporaneously with the prices of production. Algebraic 'solutions' will emerge which attempt to reconcile the co-existence of value and prices of production while, at the same time, holding an identical, embodied labour theory of value. We shall return to this question in a later section. For the moment we wish to emphasize that it is inherent in the 'logical' position that the breaking of the connection of value and 'history' is synonymous with breaking the connection of value with any reality at all.

However, having identified and rejected Engels' position, it remains necessary for M and C to distinguish Marx's contribution and his method for the derivation of value, in circumstances where it can no longer be a question of seeking to establish the 'reality' of value since this endeavour has been shown to be 'untenable' and Marx distinguished from it.

The first step is to establish Marx's methodological terrain, i.e. the place where his categories are said to be operative. To this end M and C quote him as establishing that:

"... commodity production develops fully only under capitalism, and indeed when the capitalist mode of production has conquered all sectors of the economy,

agriculture included". (ibid)

Marx is considered to be distinctly 'latter day', in contrast to Engels' pre-occupation with pre-capitalist economic formations. It is in this connection that they conclude:

"... it is clear that Marx saw that only under full capitalism (i.e. far beyond the stage of Engels' independent peasants) could commodity production (the precondition of the law of value) develop fully. Therefore the classical historical locus of the concept of value cannot be any pre-capitalist economic formation, but capitalism itself. The attempt to define a pre-capitalist value-epoch historically thus seems to us to be involved in a logical contradiction". (ibid, p. 316)

At first sight this appears to be in conformity with aspects of our own methodological position. But, as was alluded to before, despite the fact that M and C consider that what is problematic about 'historical transformation' is the attempt to make plausible the existence of a pre-capitalist value-epoch, this inspires them no further than treating the rejection of Engels' account as identical with the rejection of any claim that value may have to a real existence. Hence although - and in contrast to Bohm-Bawerk - M and C do not consider that Marx makes a "retreat under fire" to some more 'primitive' conditions, at the same time, they do not disassociate Marx from Engels with the intention of establishing that a real existence for value can be established apart from these 'primitive' conditions.

That is, they hold from the very start that in the absence of any pre-capitalist reality, value is a purely logical construction. They have taken seriously Bohm-Bawerk's declaration that Marx had neither 'clearly' nor 'precisely' argued for the 'primitive' or 'historical' position, but this is recognised only in order to enlist Marx himself as a practitioner of the 'logical approach'. So when the 'historical' claim is torn away, the original claim of Werner Sombart for the logical nature of value is revealed and retained, along with the attitude that Marx himself had adopted a similar position. This causes them to say that:

"... for Marx, who saw history more carefully than Engels, value was reduced to a logical category deprived of empirical historical reality". (ibid, p. 137)

And, more precisely:

"... for Marx value and abstract labour were indeed logical abstractions. He only insisted that they were not arbitrary abstractions in the following two senses: first that the human mind produced them only in an historically given context of material conditions of social production (at a certain stage of social evolution) and, secondly, that they could be fully applied in this given context only, not just in any historical epoch ... Marx thought of value (as well as abstract labour) as fully valid as an analytical device only if applied to capitalism". (ibid)

For M and C then, abstract labour is confirmed as a "fully valid" concept only in "a historically given context of material conditions of social production".

What they are referring to, what makes the abstraction 'valid', is the exclusive existence in capitalist society of a unique set of particulars which 'allow' or 'permit' of the generalisation 'human labour in the abstract' or 'abstract labour'. These particulars form the material foundation for the origination of the concept of a single value-substance. And the particulars being referred to comprise that socially mobile labour-force which is homogeneous across use-values, and considered here as the existing form of the concrete useful labours. It is this given historical existence of the individual labours - originally inspiring Adam Smith's concept of 'labour' - which supply the social milieu for Marx to perform his logical abstraction. Thus, whereas for Braverman and Gleicher concrete labour was itself 'abolished' by the imposition of abstract labour upon it, here the concrete labours remain, being only 'destroyed' by the mental act of abstraction itself. It is in accordance with these strictures that M and C define what they consider to be Marx's concept of abstract labour as:

"... the expenditure of a quantifiable force residing within human beings and measured in hours of work".
(ibid, p. 318)

And his express purpose in performing this abstraction:

"Marx defined abstract labour as the expenditure of human labour power in production without regard to the special kind of object produced. As such, human labour of any producer was equivalent to that of any other producer so that a quantifiable relationship, making qualitatively different commodities commensurate, could be established, since all the various commodities incorporated a common substance, abstract labour subject to a common measure". (ibid)

We can note immediately that the designations "quantifiable force" and "within" represent respectively that a physiological conception of abstract labour is being ascribed to Marx, and that no 'extraneous' i.e. outwith the process of production itself, mediation is required to 'realise' or make real, the values of commodities. It follows that in this view of things it is considered that Marx made the mental reduction of the existing forms of concrete labours to their common 'abstractly human' or physiological quality in the attempt to secure some imminent or 'inherent standard' by which the magnitude of value could be determined.

However, we know from what has gone before that Marx's theory of value does not seek an 'inherent standard' for the magnitude of value, but the 'cause' of value itself. It seeks to answer the question why the product of labour assumes the form or possesses the 'quality' of having 'value'. That the products of

labour have the 'property' of 'value' in the first place is simply considered as part of the 'given', or 'presupposed', and must remain insolubly so, since M and C's one-sided and inductive method renders them incapable of transforming the 'presupposed' into the 'posited'.

In any event, when Marx says of Ricardo that he:

"... continually confuses the labour which is represented in use-value and that which is represented in exchange-value. It is true that the latter species of labour is only the former species expressed in an abstract form". (1972; p. 138)

But this is not Marx's own "expression". Concrete useful labour is not "expressed in an abstract form" only in the head, but is a real social event:

"Activity, regardless of its individual manifestations, and the product of activity, regardless of its particular make-up, are always exchange value, and exchange value is a generality, in which all individuality and peculiarity are negated and extinguished". (1981a; p. 157)

As we have seen, registering the physiological homogeneity of every form of human labour does not disclose the essentially social nature of value but requires to be supplemented by that movement that discloses why the social character of labour is expressed as its abstractly human character.

It is widely known and advocated that for Marx behind 'value' lies 'labour'. But this labour must be conceived not as 'human' labour but as a particular constellation of social labour.

It is this labour, this historical formation of social labour which 'causes' its social character or aspect to appear as its value-character. Hence the social connection is carried by the product and appears as its 'value'. And it is the primary condition of the product of labour as the 'bearer' of the social connection which posits the human character of labour as its primary social character.

Having no notion of the genuine theoretical method, M and C's type of logical abstraction is the product of simple 'observation' or 'apprehension' of the given subject. It is considered by them to be an attempt made by Marx to bring some kind of 'order' to the 'chaotic conception of the whole', and is presented only in a one-sided movement from observed reality to thought, or from concrete to abstract.

The 'half-truth' of the movement from concrete to abstract is presented as comprising the whole of the method, as a process of deriving a common (abstract) universal from a series of particulars. But, as Hegel remarks:

"... the universal... is not a mere sum of features common to several things, confronted by particulars which enjoy an existence of their own. It is,

on the contrary, self-particularising.... and with undimmed clearness finds itself at home in its antithesis. It is of the utmost importance that the real universal should not be confused with what is merely held in common. All the charges which the devotees of feeling make against thought, and especially against philosophic thought, and the reiterated statement that it is dangerous to carry thought to what are called too great lengths, originate in the confusion of these two things".

(1982; p. 157)

1892

Methodologically, M and C are among those for whom "it is dangerous to carry thought to... too great lengths". This censure is the product of their epistemological assumption that a 'gulf' exists between the given substantial reality and the theoretical description of it. Here reality itself remains steadfastly impenetrable to what are considered mere 'thought entities'. For example, of the methodological procedure that they have ascribed to Marx, M and C consider that its adoption provides the advantage of:

"... the construction of a concrete theoretical object... which allows the theoretician a certain number of degrees of freedom from reality. It allows him to formulate concepts which have no strict correspondence with any factual datum, but can nevertheless be useful and fruitful analytical devices". (1976; p. 349)

And what enhanced the identification of M and C's contribution with that of Werner Sombart was the fact that, methodologically, M and C fall under the influence of Sombart's 'lebensphilosophie' companion and co-editor Max Weber; they say:

"Marx's methodological remarks on the construction of the theoretical object of Political Economy may be compared with the position of Max Weber". (ibid, p. 350)

This will obviously be a favourable comparison, so much so that Marx's "ideal types" are subsequently said to comprise "... value simple commodity production and so on". (ibid)

But an 'ideal type', being an abstraction, is 'ideal' and not 'real', and, Weber says of the 'ideal type':

"In its conceptual purity, this mental construct cannot be found empirically anywhere in reality".
(Giddens, 1979; p. 142)

This outlook describes the theoretical high point of classical, non-Marxist sociology. It is expressed in the conversion of the one-sided analytical movement from concrete to abstract into an 'art form' i.e. its deification as a set of theoretical and methodological disapprobations governing this movement which insist upon an 'ethical neutrality' towards the given social reality and insists that it is not the task of science to discover

the true nature of this given, its substance or essence. Here, that the simply 'presupposed' should and must remain so, is tenaciously theoretically defended. It is the broaching of these methodological strictures that M and C find is the ultimate crime of those whom, like Engels and Ronald L. Meek, attempt to identify the Maxian categories with 'really existing' entities. Thus their final judgement brings down the full wrath of Weber upon those who would seek to give value and its substance anything more than a purely 'logical' existence; M and C quote Weber that:

"... all specifically Marxian 'laws' and developmental tendencies are ideal types. The significance of these ideal types, when they are used for the assessment of reality is known to everyone. Similarly their perniciousness, as soon as they are thought of as empirically valid or real is likewise known to all who have used them". (ibid, p. 352)

These sentiments take for granted that a fundamental distinction exists between the knowing subject and the object that he knows. For Weber, the attempt to bring some kind of 'logical' order to bear upon social reality is a legitimate one, but only so long as it is also remembered that this reality, considered 'in-itself' is and remains impervious to our theoretical comprehension. This epistemological 'dualism' is the expression of Weber's 'neo-Kantianism', which emerged as a part of that early 20th century debate with the 'ghost' of Marx. It constitutes a

'sociological' palimpsest being placed upon the Kantian distinction between 'phenomena' and 'noumena', or between dimensions of objectively existing reality as it exists 'for us', and as it exists 'in-itself' - in which latter existence it remains impenetrable to thought. In Weber's typology this contrast is expressed in his fundamental methodological distinction between "the Individual" and "Society", and his basic objection to Marx is that he considers him as attempting to give 'subjectivist' criteria a real 'objective' existence.

But Marx's categories are not 'subjective' in the narrow epistemological sense, but are rather ontological: they express the forms of being of a specific society.

Therefore the objectively existing reality that Marx seeks to comprehend is a social reality, inhabited by an 'objectivity' that man himself has constituted, and that is therefore given an existence, as opposed to possessing one 'in-itself'.

Marx remarks that:

"So far no chemist has ever discovered exchange value in either a pearl or a diamond". (1983; p. 87)

And the conclusion we seek to draw from this here is that 'exchange value' has an 'objectively real' or 'empirically valid' existence nevertheless, only it is not intrinsic nor 'beyond our ken'.

What Marx says of the 'philosophical materialist' dualism of Feuerbach can apply equally to Weber, i.e. that he:

"... wants sensible objects really distinguished from the objects of thought, but he does not understand human activity itself as objective activity".
(1963; p. 82)

The 'objective' nature of value is therefore a purely 'social' objectivity, that is, it is to be conceived of as neither 'immutable' nor simply 'given', but as created, 'brought about' or predicated upon a definite form of social practice, and, what is of fundamental significance, something that is 'created' can be changed, or 'brought about' differently.

This raises an important dimension of the methodological question that is at issue here: The posthumous debate with Marx may be seen as a dimension of the class struggle that is carried on in Germany in the first quarter of the 20th century. Max Weber's loyalties are here, as in other places, expressed in the fact that he advocates and defends an interpretation of the world and methodologically and practically opposes any changing of it, in the precise sense in which this changing was advocated by Leibknecht and Luxemburg. Marx's method discloses who the originators of social 'objectivity' really are, thereby dispelling that 'reification' that enmeshes the purely 'logical' approach. And inherent in this method is the critique of a society which bestows objectivity upon the products of labour because it is here that:

"... the social character of men's labour appears to them as an objective character stamped upon the products of that labour... a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things... To them, their own social action takes the form of the action of objects, which rule the producers instead of being ruled by them".

(1983; p. 77, 79, my emphasis)

The whole dimension of 'fetishism' is therefore closed to Weber because of his fundamental methodological distinction between the findings of empirical science and the world of "the Self". This means that valid 'social action' is assessed purely in terms of 'subjectively intended meaning', i.e. the extent to which the 'action' of the individual takes account of the behaviour of other social 'selves'. Therefore for Weber it is impossible for us to know the real or 'empirically valid' "actions of objects" outside of the realm of the 'exact' sciences, and thus the perpetuation of 'fetishism' is accomplished in the fact that his 'social action' theory concerns only 'inter-subjectivity' in the narrow dualistic sense. Following Kant, his insistence upon the fact that it is both methodologically erroneous and destructive to transfer judgements appropriate to one sphere to another thereby allows the continuation of men's socially established objects as "things-in themselves".

Nevertheless, it is this fundamental methodological censure with regard to keeping apart what are considered to be the discrete and autonomous, subjective and objective, 'levels' of reality that is adopted by M and C when they distinguish:

"The deeper errors of those authors who, starting with Engels, have stressed the historical aspect of the transformation problem seems to lie in that they have read a theory of historical evolution of economic systems, and in particular of transition from a pre-capitalist to a capitalist economy, in what was essentially a static, atemporal, analytic device". (1975; p. 325)

Here is a description of the twin poles of this debate where the claim for the dynamic and historically 'real' existence of value and its' epoch is contrasted with its' characterisation as a static and atemporal analytic device, an 'ideal type'. On the one hand value is considered as substantially real, formed and created by its' matter or content 'labour and labour alone', the inherent regulator of exchange transactions.

On the other it is immaterial, a conceptual or logical device of the same purely theoretical nature as its 'modus operandi' - the simple commodity economy or 'value epoch'. The resolution of this polarity, or the provision of the solution to the 'historical transformation problem', must therefore begin with the establishment of what the true nature of value really is, i.e. not only the manner in which it is determined by 'labour' but how this determination is discerned.

II

When Marx is explaining the essentially social determination of value, in opposition to the claim for its 'individual determination by such as the 'time-chitters', he says that:

"The value of commodities as determined by labour-time is only their average value. This average appears as an external abstraction if it is calculated out as the average figure of an epoch... but it is very real if it is at the same time recognised as the driving force and the moving principle of the oscillations which commodity prices run through during a given epoch...

Market value equates itself with real value by means of its constant oscillations, never by means of an equation with real value as if the latter were a third party, but rather by means of constant non-equation of itself (as Hegel would say, not by way of abstract identity, but by constant negation of the negation, i.e. of itself as negation of real value)...

Price therefore is distinguished from value not only as the nominal from the real; not only by way of the denomination in gold and silver, but because the latter appears as the law of the motions which the former runs through. But the two are constantly different and never balance out, or balance only coincidentally or exceptionally. The price of a commodity constantly stands above or below the value of the commodity, and the value of the commodity itself exists only in this up and down movement of commodity prices". (1981a; p. 137-8)

Initially what Marx asks us to do is to consider 'average value' as not only extraneously related to the fluctuations of price

but as 'internally' or 'inherently' related to them. We are asked to treat 'average value' as not simply 'appearance' but as 'essence', as "the driving force and the moving principle", as the indication of the indwelling regulator of the oscillations of price. In a society of producers who are indifferent to one another and who express their social connection through the private exchange of the products of labour, then the dynamo here, or the "moving principle", is social labour and the manner in which it is to be socially allocated amongst its various useful functions. Marx says in answer to Bailey:

"There is, in actual fact, a very significant difference (which Bailey does not notice) between 'measure' (in the sense of money) and 'cause of value'.

The 'cause' of value transforms use-values into value. The external measure of value already presupposes the existence of value... The 'cause' of value is the substance of value and hence also its imminent measure". (1972; p. 163)

When Marx speaks of the 'cause' of value it is already an anticipation of the answer he will provide to the 'why' of value, i.e. to that question that was never posed by the classical economists. Therefore by 'cause' of value he means 'specific constellation of social labour' where its social character can only be expressed in the 'value' of the products of labour. This is the labour which 'causes' value, and it is the amount of this labour which determines its magnitude. Price fluctuation around a 'centre'

is, as it were, the mode of communication from essence to appearance; the essence must appear. But this 'hidden regulator', although it has a 'real' existence, it is neither a quantity of 'embodied' labour nor a purely 'ideal' construction. Marx says two important things in relation to the real nature of value. The first is that value itself has no corporeal existence, and therefore cannot be considered as a "third party" which forms a material coexistent for price (money). The second, following from this, is that value itself "exists only in this up and down movement of commodity prices". But, again, this material 'invisibility' should not be taken to signify that value is therefore only a 'logical construction'. This amounts to a 'positivistic' objection, inspired by type of methodological nominalism which considers imperceptible 'essences' or 'universals' to be merely general 'notions' formed by the human intellect and with no claim to any verifiably 'real' existence. This empiricist orientation, and its narrow criteria for what is to constitute scientific truth, is thereby excluded from considering 'value' as a reality - as a real entity in the way that such as 'magnetism' and 'gravity' are real entities. Marx himself speaks of the law of value asserting itself in the same way that the law of gravity asserts itself when a house "falls about our ears". All three, magnetism, gravity and value, are themselves imperceptible by the senses, and yet each of them controls the movement of objects. It is indeed the law-governed behaviour of these objects which enables us to testify to the real existence of magnetism, gravity and value. The, empirically real, existence of all three

is evidenced and only exists in their effects, and it is the scientific observation of these effects which allows us to say that the movement of objects is law-governed, and therefore in the case of value that it has a social existence 'sui generis'. The model of the 'simple commodity economy', or the 'early capitalist' period of 'market value', are constructed in order to illustrate how equilibrium is maintained by exchange at labour-value, thus illustrating how the, qualitative and quantitative, determination of value proceeds from the social character of autonomous private labour.

Here the exchange of commodities at their labour-values equalises the advantages for the commodity producers in each branch of production, and removes the motives for transfer from one branch to another. As Rubin remarks very much to the point:

"...This state of equilibrium corresponds to the average level of prices. This average level is a theoretical conception. The average prices do not correspond to the actual movements of concrete market prices, but explain them. This theoretical abstract formula of the movement of prices is, in fact, the 'law of value'... Economic life is a sea of fluctuating motion. It is not possible to observe the state of equilibrium in the distribution of labour among the various branches of production at any one moment. But without such a theoretically conceived state of equilibrium, the character and

direction of the fluctuating movement cannot be explained". (op. cit. p. 78)

And Marx himself remarks:

"The exchange or sale of commodities at their values is the rational state of affairs, i.e. the natural law of their equilibrium. It is this law that explains the deviations, and not vice versa, the deviations that explain the law".
(1984; p. 188, my emph.)

The 'rational state of affairs' corresponds to 'the necessity of the distribution of social labour in definite proportions', that is, that society would require from each of the separate branches of production only that amount of labour which is necessary to satisfy social needs at a given level of development of productive forces. Or, that 'the masses of products corresponding to the different needs require different and quantitatively determined masses of the total labour of society'. The 'rational' or the 'sane' condition is then the condition of 'equilibrium' - where social labour is not squandered, is not 'unnecessary' labour. The forcible assertion of this rational state of affairs is the 'law of value':

"It requires a fully developed production of commodities before, from accumulated experience alone, the scientific conviction springs up, that all the different kinds of

private labour, which are carried on independently of each other, and yet as spontaneously developed branches of the social division of labour, are continually being reduced to the quantitative proportions in which society requires them. And why? Because, in the midst of all the accidental and ever-fluctuating exchange relations between the products, the labour-time socially necessary for their production forcibly asserts itself like and over-riding law of nature". (1983; p. 80, my emph.)

And again:

"The different spheres of production, it is true, constantly tend to an equilibrium: for, on the one hand, while each producer of a commodity is bound to produce a use-value, to satisfy a particular social want, and while the extent of these wants differs quantitatively, still there exists an inner relation which settles their proportions into a regular system... the law of value of commodities ultimately determines how much of its disposable working time society can expend on each particular class of commodities. But this constant tendency to equilibrium, of the various spheres of production, is exercised only in the shape of a reaction against the constant upsetting of this equilibrium. The 'a priori' system on which the division of labour within the workshop is regularly carried out, becomes in the division of labour within the society, an 'a posteriori' nature-imposed necessity, controlling the lawless caprice of the producers, and perceptible in the barometrical fluctuations of the market prices". (ibid, p. 336, my emph.)

The 'inner relation' is the assertion of 'the rational state of affairs' is the 'law of value' is the Essence, is therefore:

"... a secret, hidden under the apparent fluctuations in the relative values of commodities. Its discovery while removing all appearance of mere accidentality from the determination of the magnitude of the values of commodities yet in no way alters the mode in which that determination takes place". (op. cit. ibid)

Of course this 'rational state of affairs' is 'theoretically conceived', yet the only way in which Marx's rationale can be questioned or refuted is to deny his ontological premise, i.e. is to say that we are not dealing with a system of essentially social production which presupposes the all-round dependence of the producers on one another together with the total isolation of their private interests and that:

"This necessity in the distribution of social labour in definite proportions cannot possibly be done away with by a particular form of social production but can only change the form in which it appears...."
(op. cit.)

We could approach the matter in a slightly different way by stating that the 'social' and the 'individual', or the general and the particular, appear as opposites in the capitalist society whereas, in their essence, they are identical, that is, that the social is the universal which develops particularly out of itself,

and that the terms developed out of it remain fully identical with it:

"Hence, in Hegelian terms, the underlying identity is the difference, the self-differentiation, that which deploys the different properties in their necessary relation to each other. The nature of Essence is to manifest itself in these properties as necessarily related. It is the 'repulsion' of itself from itself, which at the same time is the reflection back into itself... This identity has difference as an essential moment, and difference as reflected back into itself is also one with identity". (Taylor, op. cit. p. 261)

In the primitive commune, or in the socialist society, the social and the individual exist in unity with one another - the individual directly or immediately performs social labour, its quantity being prescribed. The particular and the general are thus identical in essence. However, since in capitalist society - the society of universal and all-sided mediation - the particular and the general have come apart and are opposed as individual/social, concrete/abstract, use-value/value, then the 'law of value' is the expression of essential identity in and through opposition or, as Marx has it:

"... the incessant equilibration of constant divergencies".
(1984; p. 162)

When we said a moment ago that Marx's rationale could only have its validity denied if one were to ignore its ontological 'ground', its specific methodological presuppositions, then this negation is the precise effect of the attempts by - originally Engels and Hilferding, later Mandel and Fine - to shift this ontological ground to include a 'prehistorical' period of 'simple commodity production', or indeed a period of 'early' capitalism where exchange transactions are regulated by 'market value'. This very displacement is encapsulated by Hilferding when he writes that:

"Marx conceives the transformation of value into price of production as an historical process..." (op. cit. p. 162)

And by Mandel when he states:

"Von Bortkiewicz shows a lack of historical sense when he declares that the transformation of value into price of production does not reflect any real historical process. Today it has become almost commonplace to stress that this transformation reflects the transition from petty commodity production... to capitalist society". (1968; p. 301)

And for Fine:

"It is quite clear that Marx's view is that there is a historical transformation". (1986; p. 147)

It is a comment upon the almost total neglect of the genuine theoretical method that Mandel can characterise as 'commonplace' the methodological transfer from the real subject of Marx's inquiry to the history of the formation of that subject. At the same time, however, this transposition demands the adherence to, and communication of, a definite version of Marx's method where the theoretical categories must be seen to have genuine 'archaic' counterparts. Thus for Hilferding:

"Marx demonstrates economic phenomena and their modifications as they manifest themselves in conformity to law... In this demonstration, in accordance with the dialectical method, conceptual evolution runs parallel throughout with historical evolution... Moreover this parallelism furnishes the strictest empirical proof of the accuracy of the theory". (op. cit. p. 195)

A similar, more standard depiction - and therefore more vacuous - is given by Fine and Harris, to the effect that:

"The concepts produced and their logical order are in accordance with material reality". (1979; p. 7)

And for Mandel:

"Marx was able to grasp historical reality only because he produced a scientific reflection of it.. the materialist

dialectic can only try to reproduce reality with ever increasing precision". (1975; p. 18; 19)

Accordingly, if we recall Engels' conviction that Marx would have 'considerably extended' the 'historically prius' quotation, no doubt to further extend and cement this 'parallelism', then Mandel's Marxist Economic Theory (1968) adequately fulfils this function of extension. Mandel utilises the findings of contemporary anthropologists and primitive historians to evidence the 'prehistorical' existence of exchange transactions that are regulated and governed by 'labour-value', and where there emerges an invariable determination of 'value' between the Toda, Karumba, Badaga and Kota tribes and capitalist society itself. This continuity is maintained by the same undifferentiated 'labour' being considered as operative between the two. Later (1979), in his introduction to Capital Vol. 1, Mandel writes:

"The simplest forms of appearance of the economic categories (which are just forms of material existence, of material reality, as perceived and simplified by the human mind), are often also their primitive, that is to say their original form. However controversial this interpretation may be, it is difficult to deny that this unity of historical and logical analysis is the way Marx and Engels understood their own method". (p. 22)

But this interpretation is not at all 'controversial', but is, as Mandel remarked earlier, 'commonplace'. It forms the traditional Engelsian response to the charge that value was a purely mental construct and which had no existential complement, a claim which followed the appearance of Capital Vol. 3 in the 1890's and which reposes now as the standard (Marxist) response on this issue. It is represented by Mandel himself when he writes that:

"Objections have been raised - by early Russian Marxist authors like Bogdanov, by later commentators like Rubin and by contemporary Marxists like Lucio Colletti and Louis Althusser - to the view, originating with Engels to which I subscribe, that Marx's Capital provides not only a basic analysis of the capitalist mode of production, but also significant comments upon the whole historical period which includes essential phenomena of petty commodity production. These objections however are based upon a double confusion. It is true that the capitalist mode of production is the only social organisation of the economy which implies generalised commodity production... But this in no way implies that in societies in which petty commodity production has already become the predominant mode of production.. the laws governing the exchange of commodities and the circulation of money do not strongly influence the economic dynamic. Indeed it is precisely the unfolding of the law of value which leads in such societies to the separation of the direct producers from their means of production". (ibid, p. 14-15)

It should be established immediately that the group of writers cited by Mandel as raising objections to the view which he subscribes to are by no means homogeneous, either in these objections or in their methodological orientation. Bogdanov, Colletti and Althusser express various forms of Kantian and Feurbachian dualism, whereas Rubin sides firmly with Hegel on the question of method. However, it is methodologically misleading for Mandel to speak of 'essential phenomena of petty commodity production' and the 'unfolding of the law of value' as though both 'essence' and the 'law of value' had some kind of extant qualitative existence prior to the emergence of the specific subject of Marx's inquiry. This impression is reinforced when this subject itself is characterised as differing only quantitatively from what has gone before, i.e. as a 'generalisation' or 'spread' of previously established determinations. Similarly, 'the laws governing the exchange of commodities' and mention of 'the economy' are utilised to instil that 'evolutionary' perspective wherein everything is present 'at birth' and simply 'matures' and is therefore perfectly consistent with the claim that value has an existence prior to capitalism and that there is thereby an 'historical' dimension to the transformation process.

It is originally Engels' attempt to stand Hegel 'on his feet' and his conclusion that 'the general laws of motion of the external world and of human thought' are 'identical in substance' which forces attention onto the 'prehistorical terra firma as the only

adequate 'ground' for Marx's 'materialist' method. Here it would be profane to consider that the model of the 'simple commodity economy' had an existence which was 'purely in the head', that is, could be anything other than an actual historical existent. And it is the search and elaboration of these historical pre-existents or 'correspondents' which is the declared purpose of Mandel's entire (1968) project. His justification for this is phrased as:

"The scientifically correct position is obviously that which endeavours to start from the empirical data of the science of today in order to examine whether or not the essence of Marx's economic propositions remains valid... What we seek to show is that it is possible, on the basis of the scientific data of contemporary science, to reconstitute the whole economic system of Karl Marx". (1968; p. 17)

The possibility of this 'reconstitution' of Marx's 'whole economic system' is only tenable if it is considered that 'empirical facts' form its essential 'core', and that the entire content of the dialectical synthesis is a restatement or 'reflection' of these empirical facts. Contrary to this, in the formulation of the method presented here, empirical facts were received initially from the existing subject itself and were subsequently reduced as pertaining to the first stage in the process of production of knowledge: the conceptual analysis. Mandel both considerably extends the methodological significance of empirical facts and justifies their harvest when he claims that:

"... the 'secret' of no 'category' can be discovered without study of both its origin and its evolution".
(ibid, p. 18)

But again, and as we have shown, the secret of the 'antediluvian' category 'exchange-value', i.e. the value-relation which causes its appearance, is given only and can be given only, in the conditions of developed 'universality', indeed has no 'secret' prior to the emergence of the 'two-fold character of labour', which itself presupposes the development and the opposition of the universal over and against the particular. On the other hand, the bulk of Mandel's empirical facts are recruited from diverse sources and are utilised in order to illustrate how 'labour quantities' govern exchange transactions for the whole historical period, so that if there is any 'secret' with regard to the determination of these exchange transactions is a remarkably 'open' one.

It is obvious from his comments that Mandel treats the 'method of inquiry' as relating exclusively to the gathering of empirical facts from the whole of history, and which are then 'reversed' to form the 'method of presentation'. In this way the backbone of the method is considered to lie in the number of these facts, the gathering of which is undertaken in order to render more compelling the thesis that there exists a 'parallelism' between historical and conceptual evolution. The inclusion of contemporary scientific data which relate to the history of exchange would, no doubt, enrich the 'manner of presentation' - render it more

exhaustive, but to advocate a methodological 'reconstitution' of Marx's entire economic 'system' on the basis of such data shows a complete lack of understanding of the nature of Marx's 'method of inquiry' and its source.

For example, when it comes to the question of the nature of the 'substance' of value itself, or what Mandel cites as "the fact that commodities are commensurable", he continues:

"... it is this general human labour - called abstract labour because abstraction is made from its specific nature, just as when one adds together 3 apples, 4 pears and 5 bananas, one has to abstract from their specific qualities so as to be left with merely 12 fruits - that is the basis of exchange value". (ibid, p. 65)

But that is not the basis of exchange value or, rather, it is the basis that must suffice when one's version of the method has departed from the specific social determination of value by labour, as this labour exists in the conditions of capitalist society, and proceeds to other, more diverse, social formations, while, at the same time, attempting to hold constant throughout this 'shift' the determination of value by labour. No matter how much 'general human labour' a commodity may contain, if the social need for it has been satiated, i.e. if it does not contain labour that is socially necessary, then it is useless; and if it is useless it is 'valueless' - is not at all 'commensurable'. At first sight Mandel proceeds to improve upon this description - when he says:

"... if commodities are each the products of a specific kind of labour, they are also products of social human labour, that is, a part of the total labour-time available to a particular society, and on the economy of which society is based". (ibid)

We may align this with what Paul Sweezy says when he addresses the same question:

"The fact that a commodity is a value means that it has materialised abstract labour, or, in other words, that it has absorbed a part of the total wealth-producing activity of society". (1942; p. 38)

These formulations are more or less identical and, in each case, what is being answered is the question as to how commodities attain a magnitude of value, that is, the reason why commodities, or the products of labour, have the social 'form of value' in the first place, and which question both Mandel and Sweezy sought to answer, is not after all addressed. Every product, in every form of directly social production - from the primitive communal society to the socialist society of the future - absorbs a part of the total labour-time or wealth-producing activity of society, without every form of specifically social production becoming commodity production.

What has happened here with Mandel and Sweezy is the symptom of a more far-reaching misunderstanding of Marx's concept of the

'substance' of value. Let us take the following statement by Marx to illustrate one possible source of this confusion. Marx says:

"On the one hand all labour is, speaking physiologically, and expenditure of human labour power and in its character of identical abstract human labour it creates and forms the value of commodities. On the other hand, all labour is the expenditure of human labour power in a special form and with a definite aim, and in this, its character of concrete useful labour, it produces use-values". (1983; p. 53)

The above is Marx's characterisation of the earlier 'classical' conclusion, the result at which it arrived in its investigation into the value of commodities. Value has a natural, physiological foundation, which explains why the classical analysis places the isolated or individuated value-producing hunter and fisher at history's point of departure. And it is the acceptance of this 'premature' analytical conclusion as Marx's own conclusion which forms the foundation for the virtual absence of the correct theoretical method in a whole strain of Marxist writers. Marx explicitly states here that he is 'speaking physiologically', i.e. he is stating a physiological fact and not yet a 'social' one, so that value appears to have a natural or 'inevitable' foundation.

Here labour is endowed with a 'two-fold character' in virtue of its very 'generic' existence. It is this absence of the social determination of value and the presence of its 'ready-made'

generic existence which allows the collapse of 'value' into 'exchangeable value', or the subsumption of quality into quantity, and permits a whole generation of Marxist economists to emerge as "neo-Ricardians", "Bortkiewicz supporters" and "Sraffians". The absence of the qualitative, social determination of value means that the classical analysis is not 'closed-off', but continues uninterrupted down the whole historical period to where value is deemed to be as old as labour itself - a fact which the researches of the 'historical transformation' advocates seem only too eager to establish. And it is the concomitant absence of a methodological 'pivot' - provided for Marx by the fundamentally social nature of the value-relation - and all that this entails, which permits Engels to journey to Egypt and Babylon in search of evidence for the 'law of value' and for Mandel to utilise contemporary scientific research to the same end of attempting to 'prove' Marx's conclusions. But once something has been 'grasped' or comprehended in its essence, then it stays that way once and for all, there is a finality attaching to it. Therefore 'comprehension' is also of necessity 'comprehensive', complete. Yet Mandel wants to argue that:

"Marxist economic thought ought not to be regarded as a completed outcome of past investigation but rather as the summation of a method, of the results obtained by using this method, and of results which are continually subject to re-examination". (1968; p. 18)

If the essence of something has been disclosed then its forms of appearance are unproblematical. And if these forms of appearance form the very point of departure for scientific inquiry then there is nothing here that is 'continually subject to re-examination'. If Marx's investigation discloses the 'secret' of value then that is that: the subject is comprehended in its entirety, and once the secret of value is disclosed, comprehended, then, as Marx says in another context, it provides:

"... a general illumination which bathes all the other colours and modifies their particularity. It is a general ether which determines the specific gravity of every being which has materialised within it". (1981a; p. 107)

Thus it is the method of comprehending the nature of value which discloses the significance of the history of the subject and not the history of the subject which discloses the nature of value.

III

In the previous section we saw that Engels' 'inversion' of Hegel produced what he variously called 'the materialist standpoint' or the 'materialist world outlook'. Put simply, this inversion substituted the process of the development of matter and its 'laws' for the process of the development of 'Spirit' or 'the idea'.

Engels sums up his treatment of Hegel and of classical German philosophy when he describes his own treatment of these as:

"... a general sketch of the Marxist conception of history... The proof must be derived from history itself... This conception, however, puts and end to philosophy in the realm of history. It is no longer a question anywhere of inventing interconnections from out of our brains, but of discovering them in the facts. For philosophy there remains only the realm of pure thought".
(1968; p. 631)

Implicit here is the methodological tenet that the logical or conceptual method will have existing material 'correspondencies', of which it is the 'reflex'. Moreover since the conceptual method describes a process, an ascent from the lower to the higher, or from the simple to the combined, then the historical process should provide the continuing accompanying 'corrective' to the development of the categories. As we said above, it was therefore inconceivable that the 'pure' value-relation should have a conceptual or logical existence in the absence of a prior, historical materialist, existence. As Engels said to Sombart:

"... the concept of value has or had more reality than you ascribe to it. When commodity exchange began, when products gradually turned into commodities, they were exchanged approximately according to their value... Thus value had a direct and real existence at that time... And I believe that it won't be particularly difficult for you to trace the intermediate links that lead from directly real value to the value of the capitalist mode of production. A genuinely

historical exposition of these processes... would be a very valuable supplement to Capital". (op. cit. my emph.)

And a few months later Engels provided this supplement, along the lines suggested in his letter to Sombart. Yet here already in this brief sketch is the embryo of the 'historical' explanation of the transformation procedure. In contrast to this is Charles Taylor's characterisation of the task of Hegel's Logic:

"If the real exists and has the structure it has by conceptual necessity, then the task of the Logic is to show this conceptual structure by pure conceptual argument". (op. cit. p. 225)

Now while Marx would insist that 'the real' - the given existing subject - has the structure it has through social necessity and not conceptual necessity, and that the task of his method was to reveal the inner connections between this social necessity and the existing social structure, to this end he would recognise the scientific and heuristic merits of disclosing the existing structure as manifest necessity 'by pure conceptual argument'. It would be 'pure' in the sense that the method would provide a 'thought concrete' whose coming-to-be did not reflect the process of coming-to-be of reality itself, in the sense that every stage in the theoretical method had a corresponding stage in historical

reality. Unlike Engels, Marx retains Hegel's 'manner of working' as it exists in the Logic. And, in a sense that is still at variance with Engels' position, Marx would indeed 'invent interconnections out of his brain'. It is these conceptual interconnections that provide the methodological solution to what has become known as the 'transformation problem'. However, concerning the elucidation of this, there is a technique in mathematics which is known as 'proof by inversion' and, following this procedure, we shall examine first what Marx's methodological solution is not by discussing the ground and the consequent of the 'historical' solution in the post-Engels period.

Nevertheless, it is with Engels and his concept of 'labour' as the substance of value that the foundation must be laid, since this provides, in the name of Marx, the theoretical legitimacy for the subsequent use of this category and its treatment, from Hilferding to the present day.

Engels writes:

"Hundreds and thousands of years elapsed before human society arose out of a troupe of tree-climbing monkeys. Yet it did finally appear. And what do we find once more as the characteristic difference between the troupe of monkeys and human society? Labour". (1977; p. 273)

In the Middle Ages too, long after its first appearance, it is this same 'anthropological' "Labour and labour alone" which is decisive, this time as the measure or the 'inherent standard' of exchange-value. In each case the same timeless physiological substance: human labour. Thus Engels uses the category 'labour' as an 'abstract universal', that is, it is abstract because it explicitly excludes from itself, or abstracts from the particular and singular 'social forms' of labour. Whereas Marx has as his point of departure 'socially determined individual production', Engels has simply 'labour', labour as such. He never introduces socially determined forms of labour, or only to the extent that this same 'labour' stands enshrined in a class of labourers, over and against a class of capitalists. But 'labour' itself is not affected, i.e. is not determined other than physiologically. Hence the social form of 'value' cannot be deduced out of 'labour' because it is not contained within it. The specific quality of value-creating labour is excluded from the concept of 'labour' which contains only what the mode of production resting on value has in common with every other mode or system of production. Therefore 'value' does not proceed of necessity out of Engels' concept of 'labour' because value is a specific social form of labour while 'labour' is at home everywhere, from the primitive Peruvian communal society and the Middle Ages to the capitalist society itself. Yet this concept of 'labour' is to be the first essential constituent and explanatory principle of 'the materialist conception of history' and therefore for the 'historical transformation'.

Contrast Marx in relation to both the general and the particular usages of this concept of 'labour':

"Labour as such, in its simple capacity as purposive productive activity, relates to the means of production, not in their social determinate form, but rather in their concrete substance, as material and means for labour..." (1984; p. 825, my emph.)

Paradoxically then, and from the very outset, Engels' 'historical materialism' is burdened with ^{an} ahistorical conception of 'labour', as is the attempt at 'historical' transformation:

"To develop the concept of capital it is necessary to begin not with labour but with value, and precisely with exchange value in an already developed moment of circulation. It is just as impossible to make the transition directly from labour to capital as it is to go from the different human races directly to the banker, or from nature to the steam engine". (ibid, p. 827, my emph.)

When Marx says that the point of departure for the derivation of capital must be 'value', then he has immediately replaced a non-specific 'natural' conception of labour with a specific, socially determined one. In the former case the transformation, or, here 'transition' cannot be made. But Marx does not mean that this transition is impossible because an immemorial world's history, an expanse of historical time, separates labour and capital. It is methodologically impossible to deduce a definite social form of labour from 'labour' as such. But this methodological

impossibility does not result in Marx abandoning his method and adopting another 'historical' one, rather he rejects 'labour' out of hand as a possible point of departure. It never occurs to him to make good the methodological or conceptual deficiency that is offered here by tracing the 'historical' connections. This manner of approach simply does not exist for him. Instead he defines the point of departure as an 'already developed moment', i.e. as presupposing a world's history, the significant moments of which will only be included when Marx comes to present the results that are obtained through the construction of a 'concrete in thought'. Hence Engels' 'historical transformation' and Marx's 'methodological transition' have different points of departure. 'Value' in Engels' version is, along with the 'labour' that produces it, antecedent to capitalist production, whereas for Marx, 'value' presupposes 'universality' as an already developed moment of its own determination and it is therefore given with the capitalist process of production. The conceptual synthesis proceeds as: value (or the all-sided value-relation) - value as capital (nature of capital) - prices of production. But the 'prices of production' have been the point of departure, and the analysis of these, or of the general rate of profit of which they are the expression, yields their presuppositions - or their 'abstract determinations' - i.e. the existence of labour on one side and of capital on the other:

"The transformation of surplus value into profit must be deduced from the transformation of the rate of surplus value into the rate of profit, not vice versa. And in fact it was the rate of profit which was the historical point of departure. Surplus value and rate of surplus value are, relatively, the invisible and unknown essence that wants investigating, while the rate of profit and the appearance of surplus value in the form of profit are revealed on the surface of the phenomena..." (1984; p. 43)

There emerges from this another and highly important consequence for the contrasting methodologies we are discussing here: For Marx labour and value, or concrete and abstract labour, are not identical - requiring mediation between them before one passes into the other - the use-value must be 'realised'. For Engels, on the other hand, labour and value are treated as identical - labour is 'embodied' as value, and a 'causal' connection is established between the two so that, under the conditions of value production, one is 'immediately' its other, value is literally 'produced' at the point of production.

Engels gives an example of his underlying notion of the substance of value as an 'embodied' substance when he says, in the process of tracing the 'historical' transformation, that:

"... Starting with this determination of value by labour time, the whole of commodity production developed... The most important and most incisive advance was the transition to metallic money, the consequence of which, however, was that the determination of value by labour-time was no longer visible upon the surface of commodity exchange". (1984; p. 899)

This statement is never modified, that is, labour-time is, always and everywhere, the same labour-time. So that, whereas for Engels money conceals the determination of value by labour-time - conceived here as existing prior to price as a presupposed embodied 'entity' - for Marx it is the expression of all commodities in money which reveals the essential nature of labour-time, i.e. which kind of labour-time creates 'value'.

"The representation of the commodity as money implies... they they are all expressed in a form in which they exist as the embodiment of social labour... This transformation of the labour of private individuals as uniform social labour... the necessity of presenting the labour contained in commodities as money - is overlooked by Ricardo". (1972; p. 131)

And by Engels too. Money is not considered by Engels as a necessary means for transforming the labour of the individual into 'uniform social labour' because 'labour' as he conceives it

is already uniform - is 'given' as uniform because given as physiologically homogeneous. Indeed access to the formulation of a process of historical transformation is only granted on the possession of a physiological conception of abstract labour. If labour is not considered as a specific social form of labour, then value cannot be considered as the exclusive product of this labour. And this is how it must be if one is to propose the prior historical existence of a fully-blown value, since this demands the determination of value by the same kind of labour in different social formations.

The advocacy of 'historical transformation' is next taken up by Hilferding, and the extent to which he shares - and needs must share - Engels' methodological presupposition is evident when he says that Bohm-Bawerk:

"... confounds the exchange-value with the value. Value manifests itself as exchange-value, as a quantitatively determined relationship... But whether, for example, a coat can be exchanged for twenty yards of linen cloth or for forty yards is not a matter of chance, but depends upon objective conditions, upon the amount of socially necessary labour-time contained in the coat and the linen respectively. These conditions must make themselves felt in the process of exchange, they must substantially control that process, and they must have an independent existence quite apart from exchange". (op. cit. p. 159, my emph.)

The first thing to note here is that Hilferding, in attempting to move from exchange-value to the value that lies hidden behind it, finds that he cannot get there, and simply explains one 'quantitatively determined relationship' in terms of another quantitatively determined relationship. If it is suggested that there is in fact a 'qualitative' difference, inasmuch as Hilferding appeals to 'socially necessary labour', we shall see that this is not the case, that the concept of the substance of value that he works with prohibits qualitative determination. He explains it as follows:

"If I disregard the concrete manner in which I have expended my labour, it nevertheless remains a fact that labour in general has been expended in its universal human form, and this is an objective magnitude the measure of which is furnished by the duration of the effort. It is precisely this objective magnitude with which Marx is concerned".
(ibid, p. 131)

But, as we have shown, I can 'disregard' the concrete manner in which I have expended my labour as often as I please, but its product will never attain to 'universality' nor become an 'objective magnitude' until I alienate it in the social process of exchange for a sum of value (money). (Unless of course my labour is conceived of as 'embodied' - cogealed as value - and the process of production is conceived of as the process of transferring human labour in general onto an 'object' - a commodity value of a determined magnitude). Yet Hilferding spoke of 'objective

conditions' as comprising 'the amount of socially necessary labour-time contained in the coat and the linen'. But he conceives of socially necessary labour-time as a predetermined magnitude with the result that what is for Marx an 'a posteriori' category becomes for Hilferding an 'a priori' technological condition which pertains exclusively to the process of production itself. Yet he says:

"It is precisely because Marx takes socially necessary labour-time as his starting point that he is so well able to discover the inner working of a society based upon private property and the division of labour".
(ibid, p. 134)

This is a highly important category; it is the quantitative determination of abstract labour and its proper usage therefore presupposes the qualitative identity of this labour. Hilferding explains it as:

"The relationship of the quantity of labour to the process of exchange does not come into consideration until they are regularly produced as commodities... thus this relationship makes its appearance only in a definite phase of historical evolution. The quantitative ratio wherein they are now exchanged becomes thereby dependent upon the time of production, which is in its turn determined by the degree of social productivity. The exchange relationship thus loses its chance character, thus ceases to be dependent upon the caprice of the owner.

The social conditions imposed upon labour become objective limitations for the individual and the social complex controls the individual's activities". (ibid, p. 188)

The most telling aspect of this is that 'the time of production', or socially necessary labour-time, is determined exclusively by 'the degree of social productivity', that is, by technological criteria alone. Competition within the different branches of production ensures that only that labour which is performed at the given or average level of development of productive forces within these branches is to be considered value-creating labour. It is thus an 'objective limitation' upon the expenditure of labour for the individual capitalist firm, and Hilferding's attempt to 'get behind' the purely quantitative expression of value to its qualitative identity, i.e. what it is that permits their purely quantitative comparison in the first place, has failed. He cannot get beyond 'quantity' because the 'labour' upon which his understanding of the categories is based is already a mass of 'formlessness' - does not possess any qualitative determination above being simply 'human' - is a content which, as was noted, does not develop specific forms out of itself, and this by necessity. Rubin remarks:

"One cannot forget that, on the question of the relation between content and form, Marx took the standpoint of Hegel, and not of Kant. Kant treated form as something external in relation to the content, and as something

which adheres to the content from the outside. From the standpoint of Hegel's philosophy, the content is not in itself something to which form adheres from the outside. Rather through its development, the content itself gives birth to the form... Form necessarily grows out of the content itself... From this point of view, the form of value necessarily grows out of the substance of value". (op. cit. p. 117, my emph.)

That is why, for Marx, the substance of value is labour as it exists as related in the capitalist form of social production, and where this specific social combination of labour causes 'value' to emerge as the necessary expression of this labour. On the other hand, when the substance of value is treated as simply 'labour', with no further qualification, then there is no imperative or, as we saw in the case of the classical economists, no reason is provided as to why value is the manifestation of its substance - labour. Hilferding treats 'socially necessary labour' as comprising the cornerstone of Marx's theory of value, yet Marx himself says of this category:

"That the quantity of labour embodied in a commodity is the quantity socially necessary for its production - the labour-time being thus necessary labour time - is a definition which concerns only the magnitude of value. But the labour which constitutes the substance of value is not only uniform, simple, average labour; it is the labour of a private individual represented in a definite product. However, the product as value must be the embodiment of social labour..." (1972; p. 135)

This last stipulation, that the product as value must be the embodiment of 'social labour', Hilferding imagines he has successfully adhered to by citing the 'objective limitation' which is provided by 'socially necessary labour'. But this is a purely 'one-sided' limitation which owes nothing to the social quality of that labour which produces value. In the passage from Marx that was just quoted, Marx says that among the determining characteristics of value-creating labour is that it is the labour of a private individual and that it is represented in a definite product. These qualifications mean that value-creating labour is more specific than having simply 'labour', or human labour in general, as the substance of value, will allow. The labour of the individual is as one-sided as his wants are many-sided. Hence, in contrast to Hilferding, the 'objective limitation' that is imposed upon the labour of the individual, its quantitative restriction or 'barrier' to realisation, lies also in its qualitative determinateness, in the 'definiteness' of the product of his labour as a specific use-value. Marx explains that:

"In order to be transposed into the general form, the use-value has to be present in a limited and specific quantity; a quantity whose measure does not lie in the amount of labour objectified in it, but arises from its nature as a use-value, in particular, use-value for others..." (1981a; p. 406)

And more significantly:

"Although the labour of the direct producers... breaks up into necessary and surplus labour as far as they themselves are concerned, it represents from the social standpoint only the necessary labour required... it is the labour necessary for the production of particular articles, for the satisfaction of some particular need of society for these particular articles. If this division is proportional, then the products are sold at their values (at a later stage of development they are sold at their prices of production)... It is indeed the effect of the law of value, not with reference to individual commodities or articles, but to each total product of the particular social spheres of production; so that not only is no more than the necessary labour-time used up for each specific commodity, but only the necessary proportional quantity of the total social labour-time is used up in the various groups. For the condition remains that the product represents use-value... The social need, that is, the use-value on a social scale, appears here as a determining factor for the amount of total social labour-time which is expended in the various spheres...

But it is merely the same law which is already applied in the case of single commodities, namely, that the use-value of a commodity is the basis of its exchange value and thus of its value... This quantitative limit to the quota of social labour-time available for the particular spheres of production is but a more developed expression of the law of value in general, although necessary labour-time assumes a different meaning here. Only so much of it is required for the satisfaction of

social needs. The limitation occurring here is due to the use-value...." (1984; p.635-6, my emph.)

This 'more developed expression of the law of value' is not available for Hilferding because he conceives the law of value to pertain exclusively to the fact that the value of a commodity depends upon the amount of 'human labour in general' it contains. There can be no further development here. The law of value is not conceived of as the law of proportionality, of equilibrium, by Hilferding, indeed cannot be conceived by him as such since he deduces 'socially necessary labour' in a purely quantitative sense from 'labour' as such, and the limitation occurring here is 'due to the use-value'. And, as we saw, Hilferding has 'discarded' use-value as a thing of no importance when he proceeded to 'disregard' the concrete manner in which labour was expended in order to reach the purely quantitative substance of value. Here the non-contradictory character of 'labour' as the substance of value, and the consequent absence of the necessity for mediation, shows itself in its purity.

The theme of 'continuity' that is established in the argument for 'historical transformation' between pre-capitalist and capitalist society, and therefore of the determination of value by 'labour', then and the determination of value by 'labour' now, gives this 'labour' an 'antediluvian' existence, and where qualitative differences in the mode of determination cannot be taken account of. Marx describes exactly Hilferding's mode of reasoning when he says that:

"Use-value presupposed even in simple exchange or barter. But here, where exchange takes place only for the reciprocal use of the commodity, the use-value, i.e. the content, the natural particularity of the commodity has as such no standing as an economic form. Its form, rather is exchange value.

The content apart from this form is irrelevant; is not the content of the relation as a social relation". (1981a; p. 267)

It is the inevitable consequence of an embodied labour theory of value that this conclusion will be retained in the presence of more developed, more concrete relations. From this point of view, what Marx describes here therefore is the attitude not only of Hilferding, but of Ricardo as well, since he too is saddled with 'labour' as the substance of value. And Marx goes on immediately to ask:

"... But does this content as such not develop into a system of needs and production? Does not use-value as such enter into the form itself, as a determinant of the form itself...? If only exchange value as such plays a role in economics, then how could elements later enter which relate purely to use-value?

This is not in the slightest contradicted by the fact that exchange value is the predominant aspect. But of course use does not come to a halt because it is determined only by exchange; although of course it gains its direction thereby.

In any case, this is to be examined with exactitude in the examination of value... Above all it will and

must become clear in the development of the individual sections to what extent use-value exists not only as presupposed matter, outside economics and its forms, but to what extent it enters into it". (ibid)

Like Engels before him, Hilferding's notion of the substance of value remains fixed and stable. That is why there is no development of the law of value, no higher development; the method that is inspired by an embodied labour theory of value is not revelatory, because it is not synthetic. As we noted, it was impossible to extract specific social forms of labour from 'labour' itself, considered as a mere 'dumb substratum'. 'Labour' remains exclusively 'only as presupposed matter', and determinations cannot be gotten out of it because it does not contain determinations within it; its very conceptual identity is founded upon the negation of determinateness. It has therefore no 'process' nature, that is, if there is no necessary procession of determinateness out of 'labour' then there can be no methodological synthesis of the categories, so that it is impossible from this perspective to show 'in the development of the individual sections' how use-value 'enters into' economics and its forms. Hence, if there is no synthesis then there is only analysis, which means that the theoretical underpinnings of the 'historical transformation' have their roots in a purely limited and one-sided analysis which proceeds from value to 'labour' and stays there. It does not therefore get beyond the level of mere Understanding, since no Reason is provided as to why the products of this 'labour' needs

must assume the form of value or why use-value must enter as a 'barrier' to realisation. A 'more developed expression of the law of value' is therefore inconceivable since this law itself is perceived as relating exclusively to 'quantities' of 'labour'. The 'law of value', as the alter ego of the 'rational state of affairs' is therefore unknown in the 'historical' version of transformation.

This 'rational state of affairs' or 'the natural law of equilibrium' is not, because 'rational', to be taken as merely 'ideal'. On the contrary, it has definite ontological presuppositions. For example, and principally:

"Exchange of products as commodities is a method of exchanging labour, it demonstrates the dependence of the labour of each upon the labour of others and corresponds to a certain mode of social labour or social production". (1972; p. 129)

In this setting of universal interdependence quantity becomes quality and quality becomes quantity, so that:

"As a specific, one-sided, qualitative use-value.... it is required only in a specific quantity, i.e. in a certain measure... Hence as use-value the product contains a barrier - precisely the barrier consisting of the need for it.... (1981a; p. 405)

That society requires 'only the necessary proportional quantity' of each of the specific articles of use is an ontological fact.

As a society its various wants are circumscribed in each particular direction, at a given level of development of productive forces. It has or possesses these definite limits, and thus, in the type of society we are dealing with here, it has or possesses the 'law of value', which is the assertion of these limits, their forcible assertion. The use of this 'law' to apply exclusively to quantities of embodied labour-times, and with exclusive reference to the individual commodity, by the exponents of 'historical transformation', only has the effect of confining this law to the conceptual and methodological kindergarten:

"Labour, 'is the source of all wealth and all culture'... The above phrase is to be found in all children's primers... A socialist programme cannot allow such phrases to pass over in silence the conditions that alone given them meaning". (Marx, 1968; p. 319)

IV

We saw in the previous section how any conceptual or methodological development out of 'labour' was impossible. Thereby 'historical' procession usurped the place of conceptual procession, finding sustenance in Marx's initial theoretical assumptions but incapable of any development beyond these. It is therefore necessary to situate where Marx leaves these primary assumptions behind as he progresses to a higher level in the comprehension of the subject:

"So long as we dealt with individual commodities only we could assume that there was a need for a particular commodity - its quantity already implied by its price - without inquiring further into the quantity required to satisfy this want. This quantity is, however, of essential importance as soon as the product of an entire branch of production is placed on one side, and the social need for it on the other. It then becomes necessary to consider the extent, i.e. the amount of this social want". (1972; p. 185)

Hilferding's analysis remains at the level of 'individual commodities only', that is, where price approximates value, individual expenditures of labour coincide with social expenditures, and therefore where concrete useful labour is, at one and the same time, abstract universal labour. The transformation of values into prices of production is a process which is made to fit, or is made subject to, this level of analysis, and where Marx's initial assumptions are treated as 'descriptive' of an extant period in the pre-history of capitalism. In this way are these theoretical illustrations removed from the level of a 'thought concrete' and placed within historical reality as the 'direct and real' locus of 'value', thereby providing the precedent for the historical transformation of this value into price of production.

However the principal methodological reason for the construction of an abstract or 'rational' model is to elucidate the concrete

or the 'irrational' state of affairs, which presents itself on the surface of society. In this sense we can only know what is 'irrational' from a rational base, and Marx describes the 'price of production' as:

"... a completely externalized and *prima facie* irrational form of commodity value". (1981d; p. 300)

The methodological move from the elemental conditions which comprise the theoretical 'simple commodity economy' is made when the individual values of commodities no longer coincide with their social values. This procedure demands a further determination of 'socially necessary labour-time', one that removes it from the exclusive setting of the process of production ('technological' definition) where commodities are considered to emerge as values, and places it in the larger social whole, where alone it has full validity since it is here that the labour expended in production must show that it has been a necessary expenditure, i.e. that it has produced socially valid use-values, at a given level of development of productive forces:

"Every individual article or every definite quantity of a commodity, may indeed contain no more than the social labour required for its production, and from this point of view the market value of this entire commodity represents only necessary labour, but if this commodity has been produced in excess of the existing social needs, then so much of the social labour-time is

squandered and the mass of the commodity comes to represent a much smaller quantity of social labour in the market than is actually incorporated in it... For this reason these commodities must be sold below their market value, and a portion of them may be altogether unsaleable. The reverse is the case if the quantity of social labour employed is too small to meet the social demand". (1984; p. 187)

Here Marx has broken the connection between the individual value of the commodity and its social value, or between its value and its price, which is the fundamental condition for the formulation of the 'prices of production', that is, for the systematic deviation of price from value. The individual value of the commodity is not altered in this, only it no longer corresponds to its social value. Having been produced in excess, then all of the labour that the mass of the commodity contains, while it might be necessary in the 'technological' sense, from the social point of view a part of this labour is 'unnecessary', and the individual commodity is only an aliquot part of the total labour expended:

"... suppose every piece of linen on the market contains no more labour-time than is socially necessary. In spite of this, all these pieces taken together may have had superfluous labour-time spent upon them. If the market cannot stomach the whole quantity at the normal price of 2 shillings a yard, this proves that too great a portion of the total labour-time of the community has been expended in the form of weaving. The effect is the same as if each individual weaver had expended more

labour-time on his particular product than is socially necessary. Here we may say with the German proverb: caught together, hung together. All the linen in the market counts but as one article of commerce, of which each piece is only an aliquot part. And as a matter of fact, the value also of each single yard is but the materialised form of the same definite and socially fixed quantity of homogeneous human labour". (1983; p. 109, my emph.)

Since a part of this labour was expended superfluously, the mass of the commodity in which it is contained has a smaller value in exchange than its real value, or, it is only the value of the amount of labour that was socially necessary to meet the existing social need which counts, and is to be spread over the entire mass of commodities, and which results in them being sold below their value. And, as Marx says, the opposite is the case when less labour than is socially necessary to meet the existing needs has been performed by a particular branch of production - they are sold above their value.

In this way 'price' is in a sense 'liberated' from the direct attachment it had to labour value in the earlier model. The conditions of equilibrium at labour value has been suspended since price no longer necessarily corresponds to value, does not fluctuate around value, and therefore individual expenditures of labour no longer automatically correspond to social expenditures of labour.

Necessary mediation has entered in the form of 'social use-value' which has a 'finite' character, as opposed to the 'infinite' character of value itself, an infinite character which the product of labour was simply guaranteed in the earlier model. As Marx says: 'use-value does not have the boundlessness of value itself':

"... if the use-value of individual commodities depends upon whether they satisfy a social need, which is a particular need, then the use-value of the mass of the social product depends upon whether it satisfies the quantitatively definite social need for each particular kind of product in an adequate manner, and whether the labour is proportionally distributed among the different spheres in keeping with this social needs which are quantitatively circumscribed. (This point to be noted in the distribution of capital among the various spheres of production)... This has a bearing on the relationship between necessary and surplus labour only insofar as a violation of proportion makes it impossible to realise the value of the commodity and the surplus value contained in it". (1984; p. 635, my emph)

We have seen that this 'impossibility of realisation' is due to the use-value, it is therefore methodologically inaccessible to Hilferding who, after having 'discarded' use-value, seeks to establish value itself as having 'an independent existence quite apart from exchange', i.e. as not requiring necessary mediation before it is 'value'.

In this way value is treated as 'prius' in two distinct ways by Hilferding: It is 'historically prius' - as existing in the pre-capitalist simple commodity economy; and it is prius in the sense of being 'extant' prior to its own subsequent transformation into price of production, that is, as it emerges as a quantity of embodied value-substance from the production process itself. This is why he says:

"For Marx, value is the prius the thing given..."
(op. cit. p. 175)

And it is in this latter sense of being 'given' extant before its own transformation in the process of exchange that value is utilised in Hilferding's reply to Bohm-Bawerk.

Before he furnishes this reply, Hilferding presents Bohm-Bawerk's objection to Marx's transformation procedure in the following terms:

"In Bohm-Bawerk's opinion the third volume of Capital manifestly contains the statement of an actual and irreconcilable contradiction to the law of value.. that is that commodities which embody the same amount of labour must, on principle, in the long run, exchange for each other. And now, in the third volume, we are told that what according to the teaching of the first volume must be, is not, and never can be; that individual commodities do and must exchange with each other in a proportion different from that of the labour contained in them, and this not accidentally and temporarily, but of necessity and permanently..."

The theory of the average rate of profit and the prices of production cannot be reconciled with the theory of value". (ibid, p. 154)

Hilferding provides a thumbnail sketch of 'historical transformation' at the same time as he begins to frame his reply to Bohm-Bawerk as:

"... exchange for their values is not a condition of exchange in general, even though, under certain specific historic conditions, exchange for corresponding values is indispensable if these historical conditions are to be perpetually reproduced by the mechanism of social life. Under changes historical conditions, modifications of exchange ensue, and the only question is whether these modifications are to be regarded as taking place according to law, and whether they can be represented as modifications of the law of value.

If this be so, the law of value, though on modified form, continues to control exchange and the course of prices. All that is necessary is that we should understand the course of prices to be a modification of the pre-existing course of prices, which was under the direct control of the law of value". (ibid, p. 156)

The 'pre-existing course of prices' referred to by Hilferding can only allude to the equilibrium prices of the simple commodity economy, where they approximated labour-value. Therefore what remains constant in the transition from the simple to the capitalist production of commodities can only be the way the magnitude of value is determined by 'labour-time'. The direct and immediate determination of the individual values of commodities by the 'labour' that is embodied in them is a feature of both the 'simple'

and the capitalist production of commodities. It is in this guise that 'the law of value which continues to control exchange and the course of prices'. Hilferding says much the same elsewhere:

"The exchange which gives expression to the equality of the owners of capital is of course differently determined from the exchange that is based upon an equality in the expenditure of labour. But, just as both societies have the same foundations, the division of property and the division of labour; just as capitalist society can be conceived as merely a higher modification of the earlier type of society; so also is the law of value unchanged in its foundation". (ibid, p. 189)

That Hilferding can say that 'both societies have the same foundations' when one is 'abstract' and the other 'concrete' shows a complete absence of understanding of Marx's theoretical method. However, even from the historical point of view, that an envisaged pre-capitalist society should have in common its 'foundations' with capitalist society itself shows again a lack of understanding of the world-historical difference that is wrought by 'capital' and distinguishes it from every other system of production. This absence of an adequate awareness of the very nature of capital will be highly significant for Hilferding's account, as we shall see.

Because Hilferding's is an 'historical transformation' then 'value' needs must be 'prius'; and because he has an embodied labour

theory of value 'value' must be 'prius' to exchange or, 'have an independent existence quite apart from exchange'. Each mode of 'prius' is made clear when he says in response to Bohm-Bawerk's contention of an 'irreconcilable contradiction' between volumes one and three of Capital, that Bohm-Bawerk's:

"... entire turn of reasoning is utterly beside the point. Marx is inquiring about the total value, and his critic complains because he is not inquiring about the value of the individual commodity. Bohm-Bawerk fails to see what Marx is aiming at in this demonstration. It is important to show that the sum total of the prices of production is identical with the sum total of the values". (ibid, p. 158)

Although he is not aware of it, the distinction Hilferding draws between 'the value of the individual commodity' and the 'sum total of the values' or total value, exists for Marx as the distinction between 'the simple commodity' and the 'capitalistically produced commodity'. That is, that this distinction mirrors two entirely different levels in the conceptual synthesis, in the progress of which the former is subsumed in the latter:

"The whole difficulty arises from the fact that commodities are not exchanged simply as commodities, but as products of capitals, which claim participation in the total amount of surplus value proportional to their magnitude...." (Marx, 1984; p. 175)

This is the key to the transformation procedure, or the subsumption of one state of affairs by another more combined state of affairs, and where there is also a resulting change in the conditions of social equilibrium between its regulation through labour-value ('as commodities') and its regulation through the price of production ('as products of capitals'). This transfer from the simple to the combined marks precisely the same methodological move as that signified by the transfer from the 'technological' definition of 'socially necessary labour-time' where it related exclusively to its quantitative determination, to that description of it where its qualitative socially useful determination was crucial. The methodological result of this transfer from the lower to the higher is that commodities as the products of capitals which demand a share in the total surplus value proportional to their magnitude systematically deviate from their values because these capitals do not seek recompense in terms of labour-value, but in terms of 'equal profit for equal capital'. However, Hilferding himself mentions a type of 'ascent' to the more concrete relations when he juxtaposes 'total value' and 'individual value'. He proceeds with this distinction when he pursues Bohm-Bawerk's criticism, saying:

"It is important to show that the sum total of the prices of production is identical with the sum total of the values... if the value, in the Marxist sense, is known to me, the value of the aggregate of these units is likewise known... It is obvious that if we are to determine the amount of divergence (i.e. between

values and prices of production) we must know, not only the magnitude of the surplus value, but also the magnitude and indeed the value magnitude of the advanced capital. The law of value enables me to determine this magnitude.

I can thus readily ascertain the deviations as soon as the value magnitudes are known to me... For the total price of production can be compared with total value only if, though quantitatively different, they are qualitatively homogeneous, both being expressions of materialised labour". (op. cit. p. 159)

This is how Hilferding attempts to reconcile the 'irreconcilable contradiction' between volumes 1 and 3 of Capital, and therefore, for him, between value and price of production.

In the first place, Hilferding treats value and price as two distinct and autonomously existing entities. This is simply the consequence of the fact that Hilferding does not see value as a social relation, a social relation between people that is expressed in price at any given time, i.e. price regulates the quantitative 'extent' of this relation, its qualitative social character having been presupposed. Or, we could say, he sees it as exclusively a quantitative social relation and where here, the qualitative nature of the substance of value is again assumed, as 'labour', pure and simple.

Therefore he sees value as a 'thing', as an embodied entity with an existence of its own. It is because of this that his analysis

can proceed no further than the set of theoretical assumptions which surrounded 'the value of the individual commodity'. And that is why his solution to the 'transformation problem', i.e. to render conciliable value and price of production, consists in his summing-up the values of all of the individual commodities so that the total value produced can be 'compared with' the total prices of production. This is also why he speaks of divergence and deviation of the one from the other when, he has previously noted, that their sum totals are 'identical'. Thus he proceeds in the manner where 'if the value is known to me, the value of the aggregate of these units is likewise known', which procedure presumably renders the total value produced in the branch of production, and where these are summed in turn, in order to be compared with the result of the summation of the prices of production. But Marx only moves to consider 'total value' for the precise reason that 'individual value' no longer exists under the conditions where it was produced in the precise proportion in which society required it, that is, where labour appeared to be affirmed as socially necessary labour as soon as it emerged from the process of production. This appearance is a result of the fact that because equilibrium is assumed in the 'simple' model there does not appear a need for mediation. This is why 'embodied labour' theorists are able to gain a degree of theoretical sustenance from Marx's initial methodological assumptions. It also means however that an embodied labour theory of value is severely limited because bounded by the assumptions surrounding 'the value of the individual commodity'. Now however:

"We are no longer faced with the individual commodity, the individual product... It is not the individual commodity which appears as the result of the process but the mass of the commodities in which the value of the total capital has been reproduced plus a surplus value. The total value produced divided by the number of products determines the value of the individual product and it becomes a commodity only as such an aliquot part. It is no longer the labour spent on the individual particular commodity, but a proportional part of the total labour - i.e. the average of the total value divided by the number of products - which determines the value of the individual product and establishes it as a commodity. Consequently the total mass of commodities must be sold, each commodity at its value, determined in this way, in order to replace the total capital together with a surplus value. If only 800 out of the 1200 yards were sold, then capital would not be replaced, still less would there be a profit. But each yard is also sold below its value, for its value is determined not in isolation, but as an aliquot part of the total amount". (Marx, 1972; p. 113, my emph.)

That is to say, 1200 yards must be sold at the value of 800 yards, and each commodity must be sold as an aliquot part of this 800 yards. Therefore if only 800 yards corresponded to the social demand for this article then only these contain socially necessary labour-time. The 800 yards are confirmed as abstract value-creating labour and the labour contained in the other 400 yards is not, even though, prior to circulation, each of the 1200 yards emerged from the same 'technologically necessary' process of production. The labour expended upon the superfluous 400 yards

never became abstract labour because it was not realised in the process of exchange even when all of the commodities are sold. In other words, the individual concrete labour objectified in these 400 yards was not rendered abstract by having its product (linen) transformed into value (money).

Therefore we can only 'sum' value when it has been realised, when it manifests itself in the form of price. This means that 'total value' can only be perceived when it is already in the form of price. Price of production is therefore the form value has, or is the way that it appears and expresses itself in the capitalist system of production.

And we have to be made aware that the sum of prices of production themselves are the sum total value, and must, of necessity, equal total value. In contrast to Hilferding's 'two magnitudes' of value on the one hand and prices on the other, and where these can be compared in order to reveal any 'deviation' between the two, Marx says:

"The progress of our investigation will show that exchange value is the only form in which the value of commodities can manifest itself and be expressed".
(1983; p. 46)

In the capitalist system of production the price of production 'is the only form in which the value of commodities can manifest itself'. If the 'reality' of value exists only in its effects, only in the up and down movement of commodity prices, then so too does the 'reality' of the price of production. The establishment of the 'law of value' as the regulator of proportionality in the 'rational state of affairs' is the essential theoretical prelude to the understanding of the price of production as the regulator of the equilibrium of the capitalist system of production. This means that the conditions of proportionality which existed in the labour-value model are no longer adequate to explain those which pertain when exchange transactions are regulated by the price of production. 'Equality of labour', which maxim stood above the entrance to the earlier model, must give way to 'equality of capital', and the transformation itself, as outlined by Marx, describes the theoretical shift from one ruling maxim to the other.

Marx says of the conditions that exist under this latter:

"It is in general in the form of the market price, and furthermore, in the form of the regulating market price, or market price of production, that the nature of the value of commodities asserts itself, its determination not by the labour-time necessary in the case of any individual producer for the production of a certain quantity of commodities, or of some individual commodity, but by the socially necessary labour-time;

that is, by the labour-time required for the production of the socially necessary total quantity of commodity varieties on the market, under the existing conditions of social production".

(1984; p. 640)

Since Hilferding does not consider that determination of socially necessary labour which relates exclusively to use-value or therefore the quantity of commodity varieties, we are compelled to ask where the dimension of social need is to come from, or 'enter' the historical perspective in the transition from simple to capitalist commodity production. Are we being asked to consider a period of pre-capitalist production which attained to social equilibrium by the exchange of its products and that a state of equilibrium existed where production equalled consumption, supply equalled demand when these products exchanged at their market values, as they invariably did? Here is Hilferding's description of the situation:

"Whereas the continually increasing diversity in the organic composition of capital, and the consequent greater and greater variations in the masses of surplus value directly created in the individual spheres of production, are in the first instance the outcome of capitalist evolution - this evolution in turn creates the possibility and the need for extinguishing these differences so far as capital is concerned, and for thus realising the equality of human beings qua owners of capital". (op. cit. p. 192)

The creation of different masses of surplus value among the individual spheres of production, and where these different masses remain, is only possible on the basis that commodities exchange at their market value. This sale of commodities at their market value is the sole condition which allows of the existence of different masses of surplus value in the different branches of production. Here then we have the co-existence of exchange ~~at~~ labour value - which permits the existence of different masses of surplus value - and capitalist ownership of the means of production. But how can the situation arise where surplus value exists alongside capital but is not perceived in the form of 'profit'? That is to say, how can a rate of surplus value, which is expressed as s/v , and corresponds to exchange at labour-value, be reconciled with the demand of capital for $s/(c+v)$, that is, for a rate of profit adequate to its magnitude? Why should these two coincide, so that profit according to labour value is adequate to fulfil profit required according to capital expended? Conversely, Marx described profit as 'a necessary form of appearance of surplus value', what is it then that renders this appearance 'necessary' and are we to accept that there existed a period in the evolution of capitalism when this necessity was in abeyance? In the following section we shall attempt to answer these questions in relation to the necessary theoretical pre-suppositions to Marx's transformation procedure.

V

The simultaneous existence of capital and the exchange of commodities at their values is described in more detail by Hilferding:

"With the further progress of capitalism... when the capitalist began to effect a conquest of the whole market, his profit was chiefly dependent upon the following factors: His technical methods of production were superior, so that he could produce more cheaply than the handicraftsmen. Since for the time being the market value of the handicraftman's products determined prices, the capitalist was able to realise an extra surplus value or extra profit.

By the supplanting of handicraftsmanship and the increase of competition within the sphere of capitalist production, the extra profit realised by capital was reduced; and subsequently freedom of transference from one sphere of production to another effectuated the equalisation of profit to become average profit". (ibid, p. 171)

Here surplus value, or profit, is treated in terms of its being 'extracted' in conditions of exchange at labour value (s/v) and in the manner of its functioning it is treated as being the something, or having the same regulatory significance, as $s/(c+v)$. The former is treated as being quantitatively adequate to the demands of the latter, indeed is considered as facilitating an 'extra profit' on capital advanced for production. It is obvious from this that Hilferding does not understand the nature of 'capital' and why therefore 'profit is the necessary form of

appearance of surplus value' and which prohibits them being identified as the same thing. Methodologically, and in reverse order from Hilferding, it is the existence of profit and the rate of profit which explains surplus value, and not a 'prior' and previously comprehended surplus value which enters into the capitalist system of production historically and 'explains' profit and the rate of profit.

"The transformation of surplus value into profit must be deduced from the transformation of the rate of surplus value into the rate of profit, and not vice-versa. And in fact it was the rate of profit which was the historical point of departure. Surplus value and the rate of surplus value are, relatively, the invisible and unknown essence that wants investigating, while the rate of profit and therefore the appearance of surplus value in the form of profit are revealed on the surface of the phenomenon". (op. cit.)

In Hilferding we come to the rate of profit armed with a 'precognitive' surplus value because Marx's 'essentialist' understanding is seen to have its origins in the 'ante-diluvian' category of 'labour' which 'evolves into' surplus value and profit. But surplus value does not 'become' profit in reality, in the sense that it is presupposed to it; surplus value, as Marx's statement suggests, is given immediately in the form of 'profit', appears and exists as profit. Surplus value presupposes capital, and where there is capital surplus value is simultaneously profit.

If, however, we concede that Hilferding does not really mean 'surplus value' but a simple 'excess' which is adequate to the needs of the handicraftsman then, again, this simple excess cannot be adequate for capital. Just as with 'labour' and the 'value' it produces, simple 'excess' is not transformed by Hilferding, but merely progresses intact from the lower to the higher.

He therefore does not recognise the necessity for profit as the form of appearance of surplus value, and is incapable of comprehending the 'average rate of profit'.

Hilferding does not really carry out any 'transformation' at all, but merely depicts the 'migration' of extant categories from one epoch to another.

At the root of this, or we could say as the fruit of Hilferding's attitude to the fundamental categories, is his failure to comprehend the nature of capital, since such a comprehension would involve a different determination of 'total value' than that which Hilferding describes, and where the proportions of exchange are differently determined:

"In accordance with the changing conditions of demand and supply, the market price of commodities falls below or rises above their exchange value. The exchange value of commodities is, consequently, determined not by the labour-time contained in them, but by the relation of demand and supply. In fact, this strange conclusion only raises the question how on the basis of exchange value a market-price differing

from this exchange value comes into being, or rather, how the law of exchange value asserts itself only in its antithesis". (Marx, 1981b; p. 62)

Or, how the law of equivalence only expresses itself through non-equivalence. In the model of the simple commodity economy proportionality is maintained in terms of the equality of labour, whereas in the more combined or capitalist production of commodities proportionality is maintained in terms of the equality of capital. We could say that the assertion of equality only in terms of its antithesis (i.e. where an inequality is expressed between labour-value and price) is the distance between the 'rational' model of equilibrium and the 'irrational' or capitalist model, i.e. precisely the poles of the transformation procedure. But how does inequality appear as equality, and how is this inequality 'tolerated' as it were, treated as equality? The answer, and which also illustrates the impossibility, both logically and historically, of the co-existence of s/v and $s/(c+v)$ or of market value and capital, is to be found in the nature of capital itself:

"Capital is now realised not only as value which reproduces itself and is hence perennial, but also as value which posits value... it relates to itself as positing new value, as producer of value. It relates as the foundation to surplus value as to that which it founded... Proceeding from itself as the active subject the subject of the process - capital relates to itself as self-increasing value. It

therefore no longer measures the newly produced value by its real measure, the relation of surplus labour to necessary labour, but rather by itself as presupposition. Surplus value thus measured by the value of the presupposed capital... is profit... The magnitude, surplus value, is therefore measured by the value-magnitude of the capital"...
(1981a; p. 745, my emph.)

And again:

"It has not only preserved itself but also realised itself as capital by being distinguished as such from (cost-price), to which it stands in the same relation as to an increase of its own, to a fruit of its own, to an increment to which it has given birth itself. It has been realised as capital because it has been realised as a value which has created value, hence possessing the property of self-expansion, of hatching a higher value than it itself has". (1977; p. 45)

And when Marx says that the distinction between constant and variable capital 'escapes the capitalist in the cost-price' then the 'profit' realised by the capitalist from the value of 'the handicraftsman's product' would not even exist for him as 'profit'.

And in order that there be no confusion between Hilferding's scheme and Marx's when the latter says that the value newly produced is no longer calculated 'by its real measure' then this refers

to its 'essential' measure, not to reality in the sense of a measure which had a transparent existence in some other earlier form of society.

In any event, 'capital fetishism' ensures that 'inequality' in terms of labour-value proceeds as 'equality' in terms of capital advanced, or the 'irrational' successfully subsumes the 'rational'. But it should be stressed that this 'inequality' and 'irrationality' perform the decidedly rational function of regulating the capitalist economy via the general average rate of profit and of thus governing the equilibrium of this economy in terms of 'equal profit for equal capital', hence 'price of production'.

Equality of capital thus displaces equality of labour, and equilibrium in the former case is not to be conceived of as social equilibrium that is achieved when labour is proportionally distributed, rather that the total social capital is proportionally distributed, each aliquot part receiving cost-price + average profit and therefore selling their respective commodities at prices of production. 'Price of production' expresses this equilibrium and is to be considered as a methodologically transformed form of value, or of that equilibrium which labour-value expresses. 'Methodologically' because this earlier and more 'abstract' model of equilibrium does not depict an earlier form of society, but is an abstract determination of capitalist society itself only stripped of its more concrete determinations, the subsequent inclusion of which requires the comprehension of the inner nature

of capital. Marx treats the nature of capital when he examines 'capital in general' that is, this inner nature expresses what all capitals have in common - the capacity for expanding their own value, and 'capital in general' is investigated prior to 'many capitals' in competition with each other. Thus he says:

"The various forms of capital, as evolved in this book (i.e. Capital Vol. 3), thus approach step by step the form which they assume on the surface of society, in the action of the different capitals on one another, in competition, and in the ordinary consciousness of the agents of production themselves".
(1984; p. 25)

And it is the action of different capitals upon one another in competition which is the real precondition for the emergence of a general rate of profit and consequently the prices of production which correspond to it. The stage in the conceptual synthesis which corresponds to 'capital in general' and is not yet 'many capitals', is that of 'market value', and is presented by Marx as:

"What competition, first in a single sphere, achieves is a single market value and market price derived from the various individual values of commodities. And it is competition of capitals in different spheres which first brings about the price of production equalising the rates of profit in the different spheres. The latter process requires a higher development of capitalist production than the previous one". (ibid, p. 180)

Since we have argued that it is impossible for both capital and market value to co-exist, and that this impossibility testifies to the purely theoretical 'reality' of the category 'market value', and since it is essential for the 'historical' perspective that this stage of market value should exist in fact, then, and for obvious reasons, the previous passage by Marx has become almost as significant as the 'historically prius' passage in forming and buttressing this latter perspective. For example Fine wishes to:

"Recall Marx's theory of the transformation. At the first stage, market value is formed from individual values. At the second stage, prices of production are formed from market values". (1986; p. 146)

This sequence is accurate for both the proposed 'historical' and the methodological versions of the transformation, and Fine goes on to further describe the historical account:

"... the historical transformation problem concerns itself with the question of whether these stages correspond to particular historical epochs. Was there a stage, capitalist or otherwise, for which commodities exchanged at their values? Was this transformed into a stage where commodities exchanged at prices of production diverging from values?... It is quite clear that Marx's view is that there is a historical transformation". (ibid)

Fine then goes on to quote the passage we referred to as significant in this context in order to establish that indeed for Marx there is an historical transformation. All the same, whereas it might be unfortunate but nevertheless correct for Mandel to say that the above view is 'commonplace', it is wrong for Fine to state that it is 'quite clear', although equally unfortunate. Nevertheless, as we have seen, Hilferding places the period of market value seemingly in the pre-capitalist past, in the 'simple' production of commodities dominated by the handicraftsman's labour, saying:

"In the local market which it dominates, pre-capitalist competition effectuates the equalisation of the different individual values to produce a single market value; capitalist competition effectuates the transformation of value into price of production". (op. cit. p. 166)

Rather confusingly, Hilferding also refers to this first period as a stage in 'capitalist evolution', but this is perhaps to be explained by the fact that he visualises the co-existence of market value and capital, and where the capitalist at first usurps this existing market value, prior to transforming it to the price of production. However, in the transition from market value to price of production the former stage is characterised by Marx as where unequal organic compositions of capital in different branches of production yield unequal rates of profit in equal periods of time. It therefore forms the theoretical presupposition

for the competition between capitals in these different branches of production whereby an average rate of profit is formed.

But can we establish unequivocally that 'market value' represents a 'theoretical' as opposed to an 'historical' stage in the transformation of these market values into prices of production?

Hilferding says that the equalisation of the rate of profit:

"... is only possible because capital and labour can remove at will from one sphere of production to another.. until there exists absolute liberty of movement for both capital and labour. But in pre-capitalist conditions this competition for spheres of investment is impossible, and consequently the equalisation of the different rates of profit is impossible. Since this is so, since the labourer who produces on his own account cannot change his sphere of production at will, the difference in profit rates is indifferent to him... Not until the days of monopoly were over, not until the restrictions upon the transferability of capital had been abolished, not until the shackles of the labourer had been removed, was the equalisation of the varying rates of profit, originally so very different, rendered possible". (op. cit. p. 66; 71, my emph.)

And Fine elaborates his own position when he comes to discuss:

"... the element of the transformation problem that has suffered neglect in the recent debates. It concerns the question of where the values that form the basis for

the transformation come from in the first place. Marx argues that values are first formed by the process of competition between capitals within a sector, and he calls the process involved the formation of market values...

It follows that there is a two-stage process in Marx's transformation. First competition within sectors establishes market values and thereby unequal rates of profit. Secondly competition between sectors establishes prices of production from those market values on the basis of equalised rates of profit". (op. cit. p. 66; 71)

For both Hilferding and Fine it is the absence of mobility between sectors of the economy which ensures the sale of commodities at their market values and the consequent inequality of profit rates among the spheres of production. This absence of mobility effectively prevents the transformation of market values into prices of production.

If the immediate presupposition to the formation of the prices of production, through the equalisation of the divergent rates of profit, is the competition between capitals within the various branches of production and the absence of competition between them, then, for the exponents of 'historical transformation' this marks a really existing stage in the evolution of capitalism. We said before that mobility is social regulation of production, is the manner in which this social regulation expresses itself.

Therefore if the lack of mobility between sectors of the economy acts as a barrier to the formation of the prices of production in reality, then this condition also prohibits the exchange of products at their market values. In Marx's theoretical model of the simple commodity economy it is the essential condition for the sale of commodities at their values that the producers can transfer from one branch of production to another. If this is not the case then a state of monopoly exists within the branch of production so that the sale of commodities above their market values does not provoke an influx of either capital nor labour to that particular branch. In fact there is no social regulation of production since there is no compulsion to sell commodities at their values. As we said, mobility is the response to law, it is the 'personification' or the 'acting out' of the 'law of value' and is therefore an essential feature of the social regulation of the economy, simple or capitalist. Thus whether in response to labour-value or to the rate of profit on capital advanced, mobility is the 'performance' of the law of value. Equilibrium of the social economy - or the law of value - asserts itself and can only assert itself in mobility between the various branches of production, whether this be equilibrium of labour or equilibrium of capital. And the transformation procedure is precisely the displacement of equilibrium at labour-value by equilibrium in terms of 'equal profit for equal capital'. What is of further significance here is that the condition of universal mobility which is a necessary feature of the simple commodity economy, shows by the very presence of this mobility that it can only refer to a theoretical model since this degree of social

mobility in the pre-capitalist past is an utter impossibility in reality. Similarly, the co-existence of capital, as a value which has the 'property' of self-expansion, and market value, in Table 1 of Marx's transformation procedure, must only depict a theoretical and not a 'real' state of affairs. When Marx ascends from the theoretical model of the simple commodity economy to that of the hypothetical capitalist economy he retains the assumption that commodities exchange at their values. He does this in order to illustrate how these same values are redistributed and thus transformed into prices of production by the very nature of capital itself. He shows that this stage of the co-existence of capital and market value is impossible in reality, and is only theoretically legitimate so long as we assume that commodities exchange at their values. Marx first describes what this theoretical stage entails and then proceeds to cite the theoretical assumption upon which it is based in the following manner:

"We have demonstrated that different lines of industry have different rates of profit, which correspond to differences in the organic compositions of their capitals... Here the law (as a general tendency) that profits are related to one another as the magnitudes of the capitals, applies only to capitals of the same organic composition... These statements hold good on the assumption which has been the basis of all our analysis so far, namely that commodities are sold at their values. There is no doubt, on the other hand... that differences in

the average rate of profit in the various branches of industry do not exist in reality and could not exist in reality... It would seem therefore, that here the theory of value is incompatible with the actual process, incompatible with the real phenomena of production, and that for this reason any attempt to understand these phenomena should be given up".
(1984; p. 153, my emph.)

The model of exchange of commodities at their market values and the consequent existence of different rates of profit among the various branches of production exists in contradiction with reality. But Marx has constructed it to be in contradiction with reality. It is theoretically 'set up' by Marx in order that he can produce 'the clincher', the methodological 'fait accompli' which renders reality comprehensible. Since market value and capital as co-existents are in contradiction with themselves and in contradiction with reality, they must be theoretically suspended. Marx immediately goes on to illustrate what this suspension comprises and then goes on to show the manner in which the theory of value is indeed compatible 'with the actual process':

"It follows from the first part of this volume that the cost prices of products in different spheres of production are equal if equal portions of capital have been advanced for their production, however different the organic composition of such capitals.

The distinction between variable and constant capital escapes the capitalist in the cost-price. A commodity for whose production he must advance 100 costs him just as much, whether he invests 90c + 10v, or 10c + 90v. It costs him 100 in either case - no more no less. The cost-prices are the same for equal capitals in different spheres, no matter how much the produced values and surplus values differ. The equality of cost-prices is the basis for competition among invested capitals whereby an average profit is brought about". (ibid)

The key to the transformation of values into prices of production is thus to be found in the nature of capital, that is, that capital itself is advanced for production, and where this definite amount is treated as a 'value-breeding value', and which is therefore considered to be entitled to just as much profit as that obtained by another other capital of the same size. This is its 'right', since here it is capital itself which creates profit as a 'property' of itself, and significantly, equality of cost-price, or 'equality of capital' necessarily implies 'inequality of labour'. Thus Marx says:

"In Books I and II we dealt only with the value of commodities. On the one hand, the cost-price has now been singled out as a part of this value, and, on the other, the price of production of commodities has been developed as its converted form". (ibid, my emph.)

As converted forms of value 'cost-price' and 'price of production' are the 'two ends', inputs and outputs, of the process of production which emerges from Marx's transformation procedure. What is significant for us here is that the first 'cost-price' (equality of capital) necessarily entails the other, 'price of production' (inequality of labour).

The 'direct link' that existed between value and price in the theoretical 'rational' model, is now mediated by the existence of capital. The Tables in Chapter 9 of Capital Vol. 3 - the transformation procedure - represent the process of the methodological ascent of the conceptual synthesis from the more abstract (theory of labour-value) to the more concrete (theory of capital). At the outset of the transformation procedure the fundamental value-relation is retained, only this time the economy is not run by 'simple' commodity producers but by capitalists, it is the tabulation of the theoretical condition of the co-existence of market value and capital. It is therefore purely theoretical, as Rubin points out:

"It is to be understood that we do not deny that in a real capitalist economy, different rates of profit in different spheres can be observed constantly. They bring about a tendency toward the transfer of capital and this, in turn, removes the inequality in the rates of profit. We also do not deny that

in the period of undeveloped capitalism, inequalities of profit rates were very significant.

But we reject the theory which holds that these inequalities of profit rates were caused by the fact that commodities were sold according to labour value on one hand, and that competition among different spheres was absent on the other hand. If we assume that competition among different spheres was absent, then it becomes unexplainable why commodities were sold according to labour-values". (op. cit. p. 245)

Hence the transformation procedure, describing as it does the methodological ascent from the abstract to the more concrete, does not depict events which take place in the day-to-day reality of capitalist production, or it does not yet depict these events as it stands, nor is it the description of a process of historical evolution, but is the process of dialectical synthesis which proceeds from the abstract determinations of the subject to its concrete existence as comprehended. If we describe this process as feeding the subject's own abstract determinations back-into it, or 're-assembling' the subject, then we may envisage the 'rational' model of equilibrium awaiting the arrival or the addition of 'capital'. Capital in the first Table of Marx's transformation is 'inserted into' the rational model of equilibrium where social labour is distributed evenly among the various branches of production due to the exchange of products at their market values.

But it is impossible for capital to distribute labour evenly, and Marx points to the contradictory character of Table 1 when he says that it conflicts with reality, and must conflict with reality. Since at any given magnitude one capital is just as good as any other, the variations in the rate of profit among the various branches of production (conceived not as a given 'historical stage' but 'dynamically', i.e. at any given time) spreads capital everywhere in pursuit of the highest rate. Distribution of capital takes precedence over distribution of labour since the motive for transfer of capital is to be found in the rate of profit not in the labour-value of the products of labour. Thereby distribution of social labour follows in the wake of the distribution of capital and capital, as we have seen, does not distribute labour in accordance with, or in response to, labour-value's terms of proportionality, but in accordance with its own need to secure the most favourable rate of profit according to its size. Values are transformed into prices of production (Table 3), and prices of production represent a different centre of equilibrium than labour-value. In a very real sense this is what the transformation procedure is - a transformation from one theoretical mode of equilibrium, which explains and controls the fluctuations of prices, to another theoretical model of equilibrium where prices of production now represent that level around which market prices fluctuate and with which they would coincide if every capital receive an average rate of profit on capital advanced. Rosdolsky remarks:

"... von Bortkiewicz's supporters overlook the fact that Marx's 'prices of production' are not really 'prices' at all, but simply values modified by the intervention of the average rate of profit". (op. cit. p. 411)

It follows then that the ontological nature of value, as the expression of a fact of social being, is the nature of the price of production. And that the mode of existence of value, i.e. where it exists in its effects as the 'hidden regulator' which explains the deviations, is the identical mode of existence of the price of production. Again, and as is the case with value itself, prices of production do not correspond to the fluctuating market prices but explain them. If the quantitative proportion in which things exchange are expressions of the law of proportionality of social labour then, whereas in the original and 'rational' model of equilibrium this condition represented distribution of labour, in the 'transformed' or 'more concrete' model the condition of equilibrium is in terms of the distribution of capital. The distribution and allocation of social labour is dependent upon the transfer of capital to those spheres where the rate of profit is higher than the average, and its withdrawal from those where it is lower. In terms of the transformation from one equilibrium condition to another 'equality of capital' means 'inequality of labour'.

"The entire process of capitalist production is regulated by the prices of the products. But the regulating prices of production are themselves in turn regulated by the equalisation of the rate of profit and its corresponding distribution of capital among the various spheres of social production. Profit, then, appears here as the main factor, not of the distribution of products, but of their production itself, as a factor in the distribution of capitals and labour itself among the various spheres of production". (Marx, 1984; p. 882)

And Marx says elsewhere that:

"... in conditions of capitalist production, the commodity - in the long run, on the average - is not brought to the market if it does not yield the (price of production), which is equal to the value of the advances plus the average profit... because the profit (and therefore the price of production which includes it), is a condition of the supply of the commodity... It is a matter of indifference to the capitalist whether his commodity contains more or less unpaid labour than other commodities if into its price enters as much of the general stock of unpaid labour as every other equal quantity of capital will draw from that common stock. Profit, a phenomenon of distribution, is here simultaneously a phenomenon of production, a condition of production, a necessary constituent part of the process of production". (1972; p. 83)

Thus if we say that a general rate of profit is only possible if the rate of profit in one branch of production is too high and in another too low, then this refers to the dynamic totality of capitalism at any given time and not to any 'prius' condition where the rates of profit are different because commodities exchange at their market values. Capitalism cannot achieve equilibrium, and the disparity in rates of profit between branches of production is a permanent and ongoing feature of this society. But, most significantly, profit can only be discerned as 'too high' or 'too low' on the basis of equality of capital or in relation to another capital of an equal size. As early as the Contribution (1859) Marx raises the question of how:

"... on the basis of exchange value a market price differing from this exchange value comes into being, or rather... the law of exchange value asserts itself only in its antithesis"... (op. cit. p. 62)

The 'law of exchange value' expresses equality - the 'natural law of equilibrium' - but in the capitalist society the equality of capital takes precedence and causes the inequality between value and price. Therefore the equality of capital is expressed in the inequality of labour, or in the inequality of the exchange value of the product of labour. This inequality of value and price is a consequence of the fact that surplus value is redistributed, or transferred from one sphere of production to another, and the only way this redistribution can take place is by way of the prices that are paid for the products of labour, the commodities

which emanate from the different branches of production.

"It is every bit as important, for a correct understanding of surplus value, to conceive it as a mere congelation of surplus labour-time, as nothing but materialised surplus labour, as it is, for a proper comprehension of value, to conceive it as a mere congelation of so many hours of labour, as nothing but materialised labour". (Marx, 1983; p. 209)

If the total surplus-value is to be redistributed, and not altered in the aggregate, then some of these 'materialised labours', some of the products of labour, must be sold above their value and some sold below their value. The inequality of value and price is the essential and therefore necessary consequence of the equality of capitals which claim a share in total profit according to their magnitude. Marx describes the process as:

"The larger profit - arising from the real surplus labour within a branch of production, the really created surplus value - is pushed down to the average level by competition, and the deficit of surplus value in the other branch of business is raised up to the average level by withdrawal of capital from it, i.e. a favourable relation of supply and demand... This is realised by means of the relation of prices in the different branches of business, which fall below the value in some, rise above it in others. This makes it seem as if an equal sum of capital in unequal branches of business created equal surplus labour or surplus value". (1981a; p. 436)

Capital is transferred from branches of production with low rates of profit to branches with higher rates. The influx of capital to a particular branch causes over-supply and a fall in the prices of commodities until this price falls below the level of the average rate of profit. As for the other branches which capital has temporarily abandoned, commodities are sold at prices in excess of their values because supply has fallen below the social demand for that specific product. It is obvious that the branch of production into which capital initially flowed is now ripe for a withdrawal of capital from it, and the branch that was initially neglected by capital is now ripe for an influx of capital to it, or they are subject to the process of what Marx calls 'the incessant equilibration of constant divergencies'.

Similarly:

"Capital is just as much the constant positing as the suspension of proportionate production. The existing proportion always has to be suspended by the creation of surplus values and the increase of productive forces". (ibid, p. 414)

This means that equilibrium can never be observed in reality. All the same, and as we saw in relation to the 'rational' model, without this theoretically conceived model of equilibrium the character and direction of the fluctuations of price cannot be explained. We repeat, the transformation procedure is essentially the replacement of one model of equilibrium (value) with another, more concrete, model (price of production).

The laws of the distribution of social labour have been altered in this transformation in that the allocation of labour is not directly responsive to changes in price in relation to the value of the commodity, but to changes in the rate of profit on capital advanced. The transfer and distribution of capital has the distribution of social labour only as its consequence, and therefore the centre of equilibrium has altered. The gravitational pull now comes from the price of production, which is the centre around which market prices fluctuate. If each capitalist receives the price of production (cost-price + average profit) for his total product then we have the state of equilibrium of the capitalist economy since the incentive for capitals to transfer their capitals has been removed - each capitalist receives an average rate of profit on capital advanced in every sphere of the social economy.

In the same way that the 'rational' model of equilibrium underlay and enabled our comprehension of the simple commodity economy, so the capitalist model of equilibrium, where each capitalist receives the prices of production for his product, underlies and enables our comprehension of the modus operandi of the capitalist economy. The transition of 'transformation' is then the methodological ascent from the simple to the combined, and does not provide the description of a process which takes place in reality.

Marx describes the construction of the model of equilibrium and its methodological significance when he says:

"... in so far as we speak of a necessary rate of profit, we precisely want to know the profit rate independently of the movement of competition, we want to know the rate which actually governs competition. The average rate of profit appears when the forces of the competing capitals balance one another.

Competition can produce this balance, but not the rate of profit which appears when the balance is given". (1981d; p. 1005)

The transformation procedure allows us to comprehend this rate of profit 'which appears when the balance is given' (equilibrium), and which 'actually governs competition' i.e. explains the centre or the direction of this 'incessant equilibration of constant divergences'. The average rate of profit is determined by the relationship of total surplus value to total social capital, or in the wake of the transformation, between total profit and total cost-price. It is the result of this relationship which will regulate the average rate of profit and therefore the price of production. The total value of commodities and the unpaid labour they contain therefore regulates the price of production - the centre around which market prices fluctuate:

"It is in general in the form of market price, and, furthermore, in the form of the regulating market price,

or market price of production, that the nature of the value of commodities asserts itself, its determination not by the labour-time necessary in the case of any individual producer for the production of a certain quantity of commodities, or of some individual commodity, but by the socially necessary labour-time; that is, by the labour-time required for the production of the socially necessary total quantity of commodity varieties on the market under the existing average conditions of social production". (op. cit.)

Here socially necessary labour-time has its determination at the level of social need, and when a given level of development of the productive forces is presupposed; it is what Rosdolsky terms 'the moment of supply and demand'. And when Marx says that in the determination of equilibrium, or in the determination of the regulating price of production, 'the nature of the value of commodities asserts itself', then he means that its social nature is asserted, that is, the need for value to realise itself, to be confirmed as social labour only in the process of exchange. It also means that if too much of society's labour is expended in one direction then the value created may not be realised as a value, i.e. its social nature demands that it must create use-value, use-values for others, social use-values. Like language, value is 'burdened with matter' or is 'bounded' by consumption, and therefore it is only the 'social' nature of value which can permit the deviation of price from it in the first place.

Price of production expresses the rate of profit 'which actually governs competition' because each price of production is only an aliquot segment of the reproduced total cost-price and the newly produced total profit, that is, a segment of the total value of commodities, so that the aggregate of the prices of production equals the total value.

This is the equilibrium condition:

"Since the total value of the commodities regulates the total surplus value, and this in turn regulates the level of average profit and thereby the general rate of profit - as a general law or a law governing fluctuations - it follows that the law of value regulates the prices of production". (Marx, 1984; p. 180)

If no natural laws can be done away with, but can only change the form in which they appear, then the price of production is the form of social regulation of the economy as it appears in capitalist society. Its comprehension is the aim of the 'transformation' which, as it exists in the Tables of Chapter 9 of Capital Vol.3, describes a methodological ascent from the abstract to the more concrete and not a process which takes place in reality. It is 'the product of a thinking head which appropriates the world in the only way it can'. The suggestion to the contrary, that Marx's transformation procedure is indeed the attempt to describe the transformation of values into prices of production in reality, and to the extent that it does attempt to describe a real process it is 'erroneous' or 'internally inconsistent', is a charge we shall take up in the final section.

VI

One of the benefits of the formation of the 'historical transformation' argument is that it allows us to direct our attention to the embryonic period of capitalism where rates of profit differed between the branches of production due to the different organic compositions of the capitals within them. It is this situation which is described in Tables 1 and 2 of Marx's transformation procedure, and which therefore inaugurates this procedure. We know that this is not the description of any real society, but is theoretically constructed. Nevertheless here, this makes little difference. Whether conceived of as 'real' or as 'ideal' it is still value magnitudes which form the point of departure. Hence Fine describes the 'problem' in Marx's transformation as:

"In general it has been taken for granted that there exists a set of commodities each with a corresponding value, and the 'problem' concerns how these values become expressed as prices of production". (1986; p. 116)

Now it is obvious, as we have shown, that values are indeterminate in the absence of price, so that what is really meant is that there exists a set of commodities each with a price which corresponds to its value at the inception of the transformation procedure.

But this makes little difference to the perceived 'problem'. Inputs may be in terms of prices, but they are not in terms of 'prices

of production'. Thus:

"In Table 1, for example, the cost price of each of the five commodities is calculated as the sum of the values of the commodities (constant and variable capital) used to produce the commodity. But these products themselves will sell at their prices of production, which will (in all except very special cases) differ from their labour values. Marx's 'cost-prices' are thus not prices at all, and it follows that the prices of production that he calculates are incorrect.... Marx saw the difficulty but offered no means of overcoming it". (Howard & King, op. cit.p. 45)

And for Steedman:

"A 'theoretical system' in which a given commodity has different prices according to whether it is being sold or being purchased just does not correspond to any real capitalist economy. If we do not transform input prices then we commit the absurdity of assuming that the price paid for a commodity by the immediate purchaser can differ from the price received by the immediate seller. That input prices must be transformed in any sensible solution is clear. No less clear is the fact that Marx was perfectly well aware of this, even though he failed to take account of it in the solutions he left". (op. cit. p. 31)

That Marx left 'solutions' merely begs the question, and Steedman has a development of this 'problem' when he says that:

"Marx's argument then is internally inconsistent. He assumes that $s/(c+v)$ is the rate of profit but then derives the result that prices diverge from values which means precisely, in general, that $s/(c+v)$ is not the rate of profit". (ibid)

If $s/(c+v)$ is the rate of profit then it is the general average rate of profit which permits the divergence of price from value in the individual case, but which remains identical with prices in the aggregate - the total prices do not diverge from total values. If, on the other hand Steedman means that in the capitalist society itself the total prices of production would not equal the total amount of $c+v+s$, then this is simply a restatement of the fact that Marx did not transform inputs, that $s/(c+v)$ cannot be the rate of profit. Fine and Harris express the 'problem' in the following terms:

"Examining the sphere of production $C....P....C'$ in abstraction, values and surplus value are, for Marx, the appropriate concepts. But as capital moves out of that sphere into the sphere of exchange ($C'-M'-C$) with which it is integrated together with the distribution sphere, values ($c+v+s$) are transformed into prices of production. In all this, however, capital advanced is treated as untransformed values; C and V are in terms of values rather than prices of production. It is this which is inadequate. For it implies that

capital assumes the price relation as it comes out of the sphere of production, that it enters the sphere of production as unmodified values, and that it does so by magic. For no consideration is given to the question of how the prices of production are transformed back into values as capital re-enters the sphere of production from exchange. As Marx recognised but did not work out... we should not attempt to consider the transformation of prices of production back into values at the end of $C'-M'-C''$. (1979; p. 24)

But if the values which inaugurate, or are the inputs to, the transformation procedure are the outcome of unequal rates of profit, i.e. if they emerge from the period of 'capitalist market-value' - and to which Table 1 corresponds - then how can they be inputted in terms of 'prices of production'? That is to say, if Marx assumes the absence of competition between the different spheres of production at the outset of the transformation, then inputs cannot be in terms of prices of production. And what has become of Fine's 'historical transformation'; when does that historical moment arrive when capital advanced begins to reckon its profit in terms of prices of production, or in accordance with its magnitude, rather than in terms of labour-value?

Fine and Harris must be referring to Table 3, where inputs are in terms of labour-value and outputs are in terms of prices of production. Therefore to ground this objection, capitalism must be presupposed, in which case there is no 'transformation', neither historical nor methodological. Only if the transformation of

embodied labour-values into prices of production within the capitalist society itself can the above objections and the ensuing 'problem' have any meaning. Marx is then perceived as attempting to illustrate how value regulates the social process of production upon an illegitimate and illogical foundation. Upon this basis these objections go back a long way, as Seton (1957) points out:

"The arithmetic illustration of the transformation process which Marx gave in Volume 3 of Capital has been the subject of a long drawn-out controversy. Bohm-Bawerk, one of the first to call attention to the obvious inadequacies of the exercise, was generally taken to imply that the transformation of 'values' into prices as conceived by Marx was a logical impossibility. Since then a number of authors have come to the defence of Marx with attempts to demonstrate the internal consistency and determinacy of his conception by means of an algebraic treatment of the problem". (H & K, 1976; p. 162)

It is not only a 'logical impossibility' but also an historical impossibility if we reject that inputs must be in terms of values. In any event, Seton proceeds to provide his own algebraic treatment, a practice which Brewer deems necessary:

"There is now general agreement on the correct formal solution to the 'transformation problem', and on the determinants of the prices of production. The first correct solution was by L. Bortkiewicz in 1907, and

the theory has been refined by subsequent writers... many of whom make substantial use of mathematics, and so they should, since the quantitative aspects of values and prices are essentially mathematical. Marx's approach might be defended on the grounds that it, at least, is comprehensible to non-mathematicians". (op. cit. p. 206)

Brewer too describes Marx's attitude to the 'transformation problem' when he says:

"A major difficulty with Marx's analysis, which Marx touches on twice but dismisses casually... he seems to have regarded the problem as a detail that could be cleared up later". (ibid, p. 138)

This attitude, that Marx 'saw the difficulty but offered no means of overcoming it', or that 'he failed to take account of it in the solutions he left', or indeed that he was myopic enough to dismiss it as an insignificant detail, is obviously one which is predicated upon the assumption that Marx bequeathed a 'problem' in the first place.

This description of Marx's attitude is usually an essential supplement to the treatment of the 'transformation problem' itself, and that Marx was capable of recognising the 'problem' is simply to damn with faint praise. However if this attitude to Marx is a consequence of the initial perception of a 'problem' then,

as we have suggested, this perception itself is founded on the fact that the transformation procedure itself is considered as an attempt by Marx to describe an ongoing process of the transformation of embodied labour-values into prices of production within the capitalist process of production itself. It is only in this context that it makes any sense to demand that inputs themselves be 'transformed'. But then prices of production would not be comprehended, their process of coming-to-be, which is described in the transformation procedure, would simply not exist. Marx says:

"The really difficult question is this: how is this equalisation of profits into a general rate of profit brought about, since it is obviously a result rather than a point of departure"? (1984; p. 174, my emph.)

In Marx's transformation procedure 'value' needs must be the point of departure since, if prices of production are used as the starting-point, they would have 'come about' before they had come about, and the transformation procedure would comprise one immense tautology. Nothing would have been transformed nor comprehended.

"Science consists precisely in demonstrating how the law of value operates. So that if one wanted at the very beginning to 'explain' all the phenomena which apparently contradict that law, we would have to present the science before the science". (Marx, op. cit.)

When Marx says that the general rate of profit, and therefore its expression in the prices of production, is a result and not a point of departure, then this echoes other similar methodological juxtapositions. For Marx this difference is 'the really difficult question', i.e. the one that is to be addressed. So, similarly:

"The whole difficulty arises from the fact that commodities are not exchanged simply as commodities but as products of capitals". (op. cit.)

Again the question that is to be addressed is posed in the form of a point of departure and a result, and the solution to the 'difficulty' will comprise of showing how the point of departure 'becomes' or is 'transformed' into the result. Table 1 of the transformation procedure 'represents' simply 'commodities' and Table 3 the 'capitalistically produced commodity'. It is a move from market value, or the 'rational' model of equilibrium, to prices of production as a specific modification of this model. As we have seen, Table 1 is inherently contradictory, and the contradiction exists in the fact that these market values are not in fact products of labour ('commodities'), but products of capital ('capitalistically produced'). We thus have the co-existence of that which posits equality in exchange transactions with that which, by its very nature, posits inequality in exchange transactions.

"But it is impossible to rest in this contradiction, for it means that opposite categories are applicable to the same thing at the same time. It means that if we affirm that anything 'is' we must at the same time admit that it 'is not'. How can a thing both be and not be? The answer is that it both is and is not when it becomes. The category of becoming therefore resolves the contradiction... Reason cannot rest in what is self contradictory, and is therefore forced onwards to the synthesis". (Stace, op. cit. p. 93)

And, as we indicated earlier, it is Marx himself and the method he employs that ensures that we cannot rest. Table 1 represents an artificially created contradiction - a contradiction that is constructed by reason - which means that it is constructed on the basis that its denouement already exists in reality, which is only to reiterate that the existence of the general rate of profit and the ensuing prices of production form the really existing point of departure, 'it is the point of departure in reality and hence also the point of departure for observation and conception'. Table 1 is only constructed because it is fertile with 'becoming' something else, it points beyond itself, and thereby the method impels us forward by rational necessity. What resolves the contradiction is the perpetuation of equality in the form of inequality - or of identity in difference - the identity of capital as a 'value-breeding-value' is maintained in the difference between value and price. And the difference between 'value' inputs in Table 3 and 'price of production' outputs can be stated as the difference between 'value' and 'value as

capital', and where in place of simple self-identity (inputs) we have difference and mediation (outputs). In the passage from the one to the other Marx shows that the average rate of profit is determined by the relation of total surplus value to total social capital, and he states:

"An average profit cannot be anything but the profit on the average social capital, whose sum is equal to the sum of surplus value. Moreover, the prices obtained by adding this average profit to the cost-prices cannot be anything but the values transmuted into prices of production". (1984; p. 174)

If the prices of production are transmuted forms of value, they therefore represent also a transmuted form of social equilibrium. This is what Marx seeks to show in the transformation procedure, namely that the values of commodities and the surplus value they contain - and which finds expression as the average profit - continue to regulate the prices of the products. But the presentation of the prices of production, as not being 'prices' at all, but simply modified values is, as we have seen above, subject to the objection that they should not be so presented, but rather as 'modified' cost-prices or previous prices of production. It is clear that Marx's transformation procedure is not to be considered by those who voice this objection as a methodological process of comprehension, and that value as the regulator of production is in danger of being completely displaced. And because Marx's procedure is not seen as a process of the

comprehension of the equilibrium of the capitalist economy, i.e. how it functions as essentially a system of social production, this displacement is exactly what takes place. Consequently prices of production are no longer considered as transmuted forms of value but as 'prices'. Having 'the science before the science' means no longer having any science at all, and the argument emerges that the value-concept is 'redundant' since 'prices of production' can be derived 'directly' from physical production data and knowledge of the real wage. But we must be clear that 'values' treated as inputs to the process of social production are a theoretical abstraction. This function of value is a requirement of the theoretical method and therefore takes place only once, that is, only in the theoretical process of comprehending reality is it legitimate to 'input' value magnitudes. 'Price of production' inputs to other 'price of production' outputs is not a 'transformation' at all, but merely the application of the transformation procedure to the everyday functioning of capitalist society itself. But the transformation procedure itself, as a process of comprehension, is to be kept distinct from its application to the more concrete relations, where the elements that make up cost-price are themselves 'prices of production'. The charge that Marx intended the former procedure to fulfil the latter is completely groundless. It would indeed be strange if Marx attempted the application of his methodological conclusion before he had formulated it. All of those versions of the transformation which append the reminder that Marx foresaw the difficulty but offered no means of overcoming it, or words to that effect, are

totally wrong in their conviction. Marx did not intend the transformation procedure to apply to the day-to-day working of capitalism, but intended its conclusion to be applied to those day-to-day workings, i.e. as the fruit of this comprehension. And in fact Marx does make the 'adjustment', notwithstanding the widespread fallacy that he does not.

This last conviction is invariably grounded in the following statement by Marx:

"We had originally assumed that the cost-price of a commodity equalled the value of the commodities consumed in its production. But for the buyer the prices of production of a specific commodity is its cost-price, and may thus pass as cost-price into the prices of other commodities. Since the price of production may differ from the value of a commodity, it follows that the cost-price of a commodity containing this price of production of another commodity may also stand above or below that portion of its total value derived from the value of the means of production consumed by it. It is necessary to remember this modified significance of the cost-price and to bear in mind that there is always the possibility of an error if the cost-price of a commodity is identified with the value of the means of production consumed by it. Our present analysis does not necessitate a closer examination of this point". (ibid, p. 165)

It is Marx's reference to the 'possibility of an error' in this connection which is treated as his admission that the transformation problem is somehow 'incomplete' and serves to legitimise the claim that there is a 'problem'. Indeed that there is a 'transformation problem' is treated as undeniable, because 'self-confessed'.

But what kind of an 'error' could Marx possibly be referring to? If we assume that Marx should have provided an explanation in terms of prices of production as 'inputs' then these prices of production themselves, their substance, could only have been given in the first place on the basis of Marx's investigation as to why prices deviate from values. That is to say, if prices of production are a 'deviation' then they are a result and cannot be a point of departure. Or, the price of production can only be the point of departure for the very reason that it has previously been a comprehended result.

There is simply no point in its application before this. It must first emerge from value as a form of value itself before it can then presuppose itself within the continuous process of capitalist production. To assume that Marx is referring to some kind of a 'quantitative' error is to have previously assumed that the transformation procedure is the attempt to describe a function of the day-to-day activity of capitalist society itself, i.e. to be entirely blind to Marx's methodological procedure.

If we say that 'values as inputs' is a theoretical abstraction, is only legitimate as a methodological device, then the 'error' Marx warns against would consist in attempting to hold this methodological practice 'constant' in relation to day-to-day reality.

It would consist in the application of 'value' to reality after its methodological application to reality. We have seen the absurdity of Hilferding's attempt to hold fast to value magnitudes as a constant 'third party' existent in the capitalist society itself, in his endeavour to sum these magnitudes and reckon their 'deviation' from the prices of production. By retaining value magnitudes Hilferding both commits the 'error' Marx warn against and shows that the 'historical' version of transformation has not understood the methodological derivation of the prices of production. For example for Mandel:

"... the whole transformation problem concerns the transformation of values and of values only (measurable in gold)". (1984; p. 159)

And a new light is shed on Fine's proposition that prior to transformation there exists a set of extant commodity values, and the 'problem' consists in how these become expressed as prices of production. Similarly his complaint that Marx gave

no consideration to the question as to how prices of production are transformed back into values as capital re-enters the sphere of production, shows that he conceives of value in completely the wrong way. The transformation procedure is essentially that of the 'value-relation', into that of the 'prices of production-relation', and does not refer to a given 'set' or 'bundle' of values. The quantitative proportions that Marx works with are only significant inasmuch as they illustrate that the average rate of profit is formed out of the total surplus value and that this latter magnitude determines the rate of profit and therefore the equilibrium price of production, i.e. those prices at which the capitalist must sell if he is to realise an average rate of profit on his advanced capital. Those who commit the 'error' of seeking in some way to retain value as an input want to transform the newly emerged model of equilibrium back into the 'rational' one. While those who seek to have prices of production 'before' prices of production, want to discard the 'rational' model entirely, and with it Marx's theory of value.

But if the rational model is discarded, or is simply ignored, then, apart from the complete misrepresentation of Marx's transformation, the immediate 'adjustment' of the existing Tables to fit capitalism itself is compulsory. It then simply becomes a question of variation, from forms of matrix algebra to the use of linear programming which has been developed from cybernetics (Morishima 1973) in the attempt to 'rescue' Marx's procedure. Of

course this 'compulsory adjustment' is sanctioned by Marx's seeming neglect to do just this and by deeming that in his analysis it was treated as requiring no further examination. But as we have said, the 'error' that Marx 'postponed' related to the question of attempting to use the methodological procedure without attempting to adjust the inputs to the everyday reality of prices of production, of deviations from value. But if the whole point of the transformation is to show how the average rate of profit is formed and regulated by the total value of commodities and the surplus values they realise, then Marx makes the 'adjustment' himself. He says:

"... the sum of the prices of production of all commodities produced in society - the totality of all branches of production - is equal to the sum of their values. This statement seems to conflict with the fact that under capitalist production the elements of productive capital are, as a rule, bought on the market, and that for this reason their prices include profit which has already been realised, hence include the price of production of the respective branch of industry together with the profit contained in it, so that the profit of one branch of industry goes into the cost-price of another. But if we place the sum of the cost-prices of the commodities of an entire country on one side, and the sum of the surplus values, or profits on the other, the calculation must evidently be right... since the profits of one sphere of production pass into the cost-price of another, they are therefore included in the calculation as constituents of the total price of the end product, and so cannot appear a second time on the profit side". (1984; p. 160, my emph.)

When Marx says that if we place the sum of the cost-prices on one side and the sum of the surplus value or profits on the other, 'the calculation must be right', he means that at any given time, or in any given productive cycle, the determination of the average rate of profit continues to exist in the difference between total cost-price and total profit. The deviations of the prices of production from the values of the elements of the cost-price for this productive cycle have already been taken account of by the fact that they have been realised precisely in order to inaugurate this cycle of production, and cannot be realised again. This is what Marx means to indicate when he says that the profits from one sphere 'pass into' the cost-price of another, i.e. are realised already in that cost-price, and cannot enter the profit side twice. And this is also why he goes on to say:

"... no matter how much the cost-price of a commodity may differ from the value of the means of production consumed by it, this past mistake is immaterial to the capitalist. The cost-price of a particular commodity is a definite condition which is given, and independent of the production of our capitalist, while the result of his production is a commodity containing surplus value, and therefore an excess of value over and above its cost-price... the statement that the cost-price is smaller than the value has now changed practically into the statement that the cost-price is smaller than the price of production... the fundamental fact always remains that in the case of the total social capital the cost-price of the commodities produced by it is smaller than their value, or in the

case of the total mass of social commodities, smaller than their price of production, which is identical with their value. The cost-price of a commodity refers only to the quantity of paid labour contained in it, while its value refers to all the paid and unpaid labour contained in it". (ibid, p. 165, my emph.)

It is the distinction between paid and unpaid labour which is crucial, since it is this difference which continues to regulate the average rate of profit and the prices of production both before and after the 'adjustment' of the methodological conclusion to the day-to-day reality of capitalist production. If both 'ends' of the problem, inputs and outputs, are in terms of 'old' and 'new' prices of production, then these 'old' prices are already a realised magnitude. They are a given magnitude upon which a new magnitude is created. And it is this difference between total cost-price and total profit which therefore regulates the average rate of profit and the equilibrium of the capitalist economy. But it was only the presence of the value-relation in its 'rational' expression, and which formed the point of departure, which allowed us to comprehend the essential nature of the price of production as the expression of social equilibrium. Marx says of the relation between what happens in fact, in the more concrete relation, and in the theoretical model of equilibrium:

"In actual fact demand and supply never coincide, or, if they do so it is only by chance and not to be taken account of for scientific purposes; it should be considered as not having happened. Why then does political economy assume that they do coincide? In order to treat the phenomena it deals with in their law-like form, the form that corresponds to their concept, i.e. to consider them independently of the appearance produced by the movement of demand and supply. And, in addition, in order to discover the real tendency of their movement and to define it.. For the disproportions are contrary in character and, since they constantly follow one another, they balance each other out in their movement in contrary directions, their contradiction... and the result of a divergence in one direction is to call forth a divergence in the opposite direction - supply and demand always coincide if a greater or lesser period of time is taken as a whole; but they coincide only as the average of the movement that has taken place and through the constant movement of their contradiction". (1981d; p. 291)

It is in order to discover 'the real tendency of their movement' that the prices of production are derived out of value, and are only then 'adjusted' to the ongoing situation where they presuppose themselves. And it is the demand that this purely secondary operation should displace the methodological derivation of the prices of production which shows the complete absence of what Marx means by a 'scientifically correct' method and the manner of its application to reality. Paradoxically then, the

'methodological solution to the transformation problem' discloses that there is no 'problem' at all, unless it refers to that methodological attitude which insists that there is and that Marx himself was fully aware of it. That a problem should have existed in the first place with respect to Marx's transformation procedure is not entirely surprising, since 'problems' exist everywhere else in Marx's 'system' according to his critics.

But that this 'problem' should have been accepted as such and perpetuated from within 'Marxism' itself over a number of years means that methodological strictures other than Marx's have been employed in the name of Marx. Engels' role is crucial here, as we have seen. In terms of Political Economy, traditionally conceived, Engels immediately defers to the question of the 'quantitative' determination of value in response to Marx's critics, seeing his task as establishing the 'constancy' of this determination over historical time. He therefore remains with the magnitude of value, which was the high-point of the classical analysis previous to Marx, notably in Ricardo. Philosophically, the subsequent formulation of an 'historical transformation' only serves to evaporate the qualitatively social determination of value, lending the 'substance' of value a purely naturalistic meaning. Thereby Marx's classical predecessors are never really left behind, their presence being felt in a whole generation of Marxist economists who begin to emerge between the wars, and whose influence is felt to the present day. This 'neo-Ricardian'

Marxism is buttressed from the philosophical side by Engels' writings, most notably his attitude to Hegel and his subsequent elaboration of 'the materialist conception of history' which, for him, marked the culmination and the 'end' of classical German philosophy. His rejection of all forms of 'idealism' means that reality can never be considered as being in any way 'posited' by thought, but must, methodologically, be simply 'presupposed'. It is not Engels' methodological instinct to seek to look behind reality as it manifests itself, but to seek to look before it, i.e. to its historical antecedents. In this way the very subject of Marx's investigation is seen as the outcome of a methodological process which has already taken place and the function of science is to reflect this process. Thus when Engels considers the 'determinations' of reality they are simply another reality, or the 'determinations' of capitalist reality are the immemorial exchange transactions and the period of 'simple commodity production'.

The coming-to-be of reality is thus depicted in reality's own terms and not in terms of a conceptual synthesis since, as we have noted, this 'synthesis' is assumed to have already occurred. The upshot is a method which can scarcely be distinguished from Feuerbach's, and therefore where 'contemplation' usurps the place of active 'comprehension' and which provides fertile ground for the growth of neo-Kantianism and positivism within Marxism, suitable handmaidens for the perpetuation of a 'transformation Problem'.

"However that may be, philosophic thought, or 'scientific' thought in the Hegelian sense of the word - i.e. rigorously true thought - has the goal of revealing, through the meaning of a coherent discourse, being, as it is and exists in the totality of its objective-reality".

(Kojève, 1969; p. 171)

Our conviction throughout has been that Marx's 'scientific' thought is to be understood in 'the Hegelian sense of the word' and that this is the fundamental condition for the comprehension of both the transformation procedure itself and the 'problem' which is said to attach to it, and whether this 'problem' has been conceived 'historically' or otherwise.

CONCLUSION

The purpose here is to provide in a brief space a sketch of the ontological and methodological assumptions upon which this thesis is based. In the final section a comparison will be made between the method as it is presented here and as it is represented elsewhere in the literature.

There is one fundamental question the answer to which will have definite implications for both the methodological and comparative issues that are raised here.

This has to do with the precise nature of the relationship between Marx and Hegel and, in particular, with the question of the possibility of delimiting precisely what it was that Marx took from Hegel and the specific area in which he applied it.

(1). The delimitation of Hegel

It is necessary to establish immediately that from the very first Marx rejected Hegel's "speculative philosophy" in favour of what he termed Feuerbach's "true materialism" and "real science". However, while never abandoning a materialist ontology, Marx subsequently considered Feuerbach's brand of materialism as entailing an essentially 'contemplative' and passive human subject, which stood over and against the object, as opposed to one which is actually and practically engaged in its creation.

The result of this active engagement with a given objectivity is the creation of a new one - that is why this activity is described by Marx as "critical". The further result is the positing of the social and historical with its laws, above the merely natural. Of course it is not to be forgotten that the social and historical aspects of being arise out of the organic world of nature, and that it is ontologically impossible for it to leave this basis behind. Nevertheless :

"So much is this activity, this unceasing sensuous labour and creation, this production, the basis of the whole sensuous world as it now exists, that, were it interrupted for only a year, Feuerbach would not only find an enormous change in the natural world, but would very soon find that the whole world of men and his own perceptive faculty, nay his own existence, were missing. Of course, in all this the priority of external nature remains unassailed, and all this has no application to the original men produced by 'spontaneous generation'; but this differentiation has meaning only insofar as man is considered to be distinct from nature. For that matter, nature, the nature that preceded human history, is not by any means the nature in which Feuerbach lives, it is nature which no longer exists anywhere ... and which, therefore, does not exist for Feuerbach." (Marx and Engels, 1978, p.171)

It is one of the principal assumptions of this thesis that Marx reached the position which has come to be described as his 'historical materialism' through the critique of Feuerbach and not via the critique of Hegel.

If we remind ourselves of Marx's criticism of 'all hitherto existing materialism' and its image of a disengaged human subject, then -

"Hence in contradistinction to materialism, the active side was developed by idealism - which of course, does not know real, sensuous activity as such." (1981c, p.421)

Then it is tempting here to suggest that Marx 'reclaims' for materialism this "active side", removes it from its 'idealist' integument and uses it as an 'input' to his "theory of history". But this would be fundamentally mistaken, as would the suggestion be that Marx 'inverts' Hegel's entire 'philosophy of history', only filling Hegel's categories with a new 'materialist' content.

What has become known as Marx's 'historical materialism' is only the recognition of a process which takes place in reality itself. Marx is

saying that Hegel misidentified a real process, mistook it for a process which takes place only in the head. But he does not offer an alternative process to Hegel's, in the sense that he does not offer a further "interpretation" of the development of the world but directs our attention to this development itself. The 'discovery' of the dialectic of history by Marx does not require the prior subsumption of the Hegelian philosophy. On the contrary, it is the discovery of the real process which renders the Hegelian philosophy inadequate to its object.

We could say that Marx discovers the principal theses which comprise 'historical materialism' through empirical observation of the class-struggle and of history itself, and does not derive it out of his own head.

We therefore contend that if Marx has a place in the history of 'ideas' then it is due to the manner of the formulation and exposition of his 'theory of value' - what we have elsewhere termed his theoretical 'method of political economy' - and not to his construction of a 'theory of history'.

Contributions in the literature from both the right and the left have the 'inverted' Hegelian dialectic present at the birth of historical materialism. However the empirical foundation for the tenets of historical materialism and the redundancy of the Hegelian dialectic for their application can be illustrated by considering what Marx has to say in relation to Proudhon :

"M. Proudhon, incapable of following the real movement of history, produces a 'phantasmagoria' which presumptively claims to be dialectical. He does not feel it necessary to speak of the seventeenth, the eighteenth or the nineteenth century, for his history proceeds in the misty realm of imagination and rises far above space and time. In short, it is not history but old Hegelian junk, it is not profane history

- a history of man - but sacred history, a history of ideas... What it comes to is that M. Proudhon is offering you the order in which economic categories arrange themselves inside his own mind." (Marx and Engels, 1978, p.138)

That is, Proudhon is attempting to pass these off as real. Later Marx himself will present an exposition of the process of comprehending the specific subject of his inquiry and where the categories will be arranged via "the force of abstraction", i.e. from Marx's "own mind". But Marx will make it abundantly clear that this arrangement is not to be passed-off as real.

For the moment however we are concerned to establish that as far as concerns the tenets of historical materialism -

"These premises can thus be verified in a purely empirical way." (ibid, p.149)

The appeal to historical reality itself as the genuine foundation for Hegel's entire system and for the emergence of historical materialism itself is not born from the further development of Hegel's system but by the perception of the reasons for its closure. As a speculative account of the process of development it is superseded by this development itself.

Our fundamental conclusion here is then that Hegel played no part in the discovery and formulation of historical materialism and, most important of all, Marx's own "dialectic method", which he alludes to in the Afterward to the second German edition of Capital, does not exist in the area of historical materialism generally, as is suggested by Engels.

By 'area of historical materialism generally' we mean that set of general propositions which are put forward in The German Ideology (1845-6), Marx's letter to Annenkov of Dec. 28, 1846, and, most concisely, in the Preface to the Contribution, (1859).

The core proposition is that labour is the basic element of human society -

"... an element whose development ultimately determines the entire development of society." (Rubin, 1982, p.1)

This development is expressed as the conflict which arises between the social productive forces unleashed by labour and the social relations of production within which these are meant to operate.

It is upon the central theses of historical materialism that the 'influence' of the Hegelian dialectic is said to be inoperative. At the same time, Marx did indeed have his own "dialectic method", which he openly compared to Hegel's. Therefore if we are to delimit Hegel still further, in the sense of locating the precise area where his 'influence' may be said to be felt, and if we are to define the place where Marx applies his own "dialectic method", we must first consider the following distinction :

(2). On the difference that is to be observed between Marx's 'historical materialism' and his theoretical method of political economy.

It is among the principal aims of this thesis to establish that Marx does not apply Hegel's dialectical "manner of working" to the whole of history but only in order to enable the comprehension of the specific subject of his inquiry - "modern bourgeois production".

This means that we differentiate Marx's historical materialism as a general overview of history, from his 'method of political economy' (theory of value), which latter is considered the specific application of Hegel's "manner of working" to the capitalist system of production.

Marx speaks of "my dialectic method" in contradistinction to Hegel's use of it, in the Afterward referred to above and immediately after he has considered the review of Capital I by J.J. Kaufman, of which he remarks :

"Here the reviewer pictures what he takes to be my own actual method, in a striking and, as far as concerns my own application of it, generous way. But what else is he depicting but the dialectic method?" (1983, p.28)

Since this review had Marx's undoubted approval, we shall attempt to show through its utilisation how Marx's "own actual method" finds its exclusive application in relation to the comprehension of the capitalist system of production.

Kaufman writes :

"The one thing which is of moment to Marx is to find the law of the phenomena with which he is concerned; and only that law is of moment to him which governs these phenomena, in so far as they have a definite form and mutual connection, within a given historical period. This law, once discovered, he investigates in detail the effects in which it manifests itself in social life... But it will be said that the general laws of economic life are one and the same, no matter whether they are applied to the present or to the past. This Marx strictly denies. According to him such abstract laws do not exist. On the contrary, in his opinion, every historical period has laws of its own ... The scientific value of such an enquiry lies in the disclosing of the special laws that regulate the origin, existence, development and death of a given social organism and its replacement by another higher one." (Marx, 1983, p.28; my emp.)

Marx's own "dialectic method" is then to be considered as being utilised to identify "the law of the phenomena" (i.e. 'the law of value') which exists "within a given historical period" and is therefore the expression of "a given social organism". As Rubin points out :

"Political economy, which deals with the production relations among people in the commodity capitalist society, presupposes a concrete social form of economy, a concrete economic formation of society. We cannot correctly understand a single statement in Marx's Capital if we overlook the fact that we are dealing with events which take place in a particular society."
(1982, p.3)

'Historical materialism does not, indeed cannot, presuppose "a concrete

social form of economy", but only what is common to forms of economy generally, i.e. 'labour', 'forces' and 'relations' of production, a legal and political superstructure, etc. Nor is there a distinctive 'method' of historical materialism which, e.g. moves from the concrete to the abstract and back again.

Marx says of Capital that :

"It is the ultimate aim of this work to lay bare the economic law of motion of modern society." (1983, p.20)

That is, not "the law of motion" of history generally. Historical materialism is not and should not be substituted for the theoretical method of political economy. That is to say the 'categories' which are said to apply in the area of historical materialism should not be taken as the same thing as the 'categories of political economy'. For example, Marx's 'historical materialist' use of 'labour' is used to denote human productive activity in general as the creator of objects which satisfy its needs. It is :

"... the labour process posited prior to value, as point of departure - which, owing to its abstractness, its pure materiality, is common to all forms of production." (1981a, p.304)

Similarly, 'labour' in the historical materialist context, is :

"... a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal, nature imposed necessity, without which there can be no material exchanges between man and Nature, and therefore no life." (Marx, 1983, p.50)

And finally :

"Labour as such, in its simple capacity as purposive productive activity, relates to the means of production not in their social determinate form, but rather in their concrete substance, as material and means for labour." (ibid, 1984, p.825)

It is precisely the mistake of Engels and those who ascribe to his methodological directives that "labour as such" is never adequately

distinguished from labour as the 'substance' or 'essence' of value. This is precisely the Ricardian shortcoming, only here it is the result of failing to distinguish the specific categories of political economy from the general tenets of historical materialism. 'Labour' and 'value' are given precisely the same meaning for Marx's theory of value as they have for historical materialism. This is why Engels treats value as "common to all forms of production", and treats its substance as being present in the immemorial exchange transactions in the pre-capitalist past. It is the total subsumption of the theory of value (theoretical political economy) into historical materialism, so that the 'categories' are interchangeable, which produces Engels' "materialist conception of history" or "materialist world outlook". This latter is to be distinguished from Marx's historical materialism, which is considered here as a prolegomenon to his theory of value, and not a statement of this theory itself.

Engels does not consider that at the beginning of Capital Marx is inaugurating a dialectical exposition of the labour theory of value. Rather he views it exclusively in his own 'materialist' terms, deeming that Marx does not begin his investigation with the capitalistically produced commodity, but with 'the commodity' in general.

Thus Engels is the first to subscribe to the view that :

"... even though the law of labour value, in the form in which Marx developed it in the first volume of Capital, is not applicable to the capitalist economy, it is nevertheless fully valid for the historical period which precedes the emergence of capitalism and in which petty crafts and peasant economy are dominant." (Rubin, 1982, p.254)

This is more or less exactly the formulation which Engels presents in his letter to Sombart, and from which we have quoted extensively in the text.

In complete contrast to this position we wish to argue that Marx's

theory of value, as formulated in Capital, has exclusive reference to the capitalist economy and only secondary significance for the pre-history of capitalism. In other words, where Engels et alia consider that historical development illuminates the theory of value, we consider that the theory of value illuminates historical development, i.e. that :

"The intimations of higher development...however, can be understood only after the higher development is already known."
(Marx, 1981a, p.103)

Marx's theoretical method of political economy, and therefore his use of the "dialectic method", are utilised precisely to render this "higher development" known or comprehended.

Hegel is not 'utilised' by Marx in the 1840's or early 1850's as an input to historical materialism, but appears positively in 1857-8 when Marx is writing the 1857 Introduction and telling Engels that in the "manner of working" he had utilised Hegel's Logic.

(3). Marx's "dialectic method" and the influence of Hegel

"My dialectic method is not only different from the Hegelian, but its direct opposite. To Hegel, the life-process of the human brain, i.e. the process of thinking, which, under the name of 'the Idea', he even transforms into an independent subject, is the demiurgos of the real world, and the real world is only the external, phenomenal form of 'the Idea'. With me, on the contrary, the ideal is nothing else than the material world reflected by the human mind, and translated into forms of thought... The mystification which the dialectic suffers in Hegel's hands, by no means prevents him from being the first to present its general form of working in a comprehensive and conscious manner. With him it is standing on its head. It must be turned right-side up again." (Marx, 1983, p.29)

What this turning "right-side up again" entails above all is that the dialectic is to be presented as no longer simply an 'epistemological'

principle, i.e. a principle of knowing about knowing, but as an ontological one, a principle of knowing about being.

For Marx dialectic is both a method of knowing and a movement in the object known. At the same time this movement in the object can only be rendered 'known' by means of the method of knowing.

Marx adopts the structure of Hegel's dialectical 'method of knowing', or its "general form of working" elaborated by him, while, at the same time, turning it "right-side up again".

Hence the "dialectic method" is to be conceived of as a manner of presenting the subject by means of a rational discourse, at the end of which the subject stands as comprehended in its totality. However this 'end-product', this totality is, in Hegel's case, conceived of as the product and result of :

"...thought concentrating itself, probing its own depths, and unfolding itself out of itself, by itself ..." (Marx, 1981a,p.101)

What is given and exists in reality is, for Hegel, the result of the process of the dialectic of consciousness "concentrating itself".

Whereas for Marx, what is given and exists in reality is the point of departure for any succeeding dialectic. Here the manner in which the dialectical development is to proceed is determined beforehand by the really existing subject, and which both pre-exists and allows the manner of the unfolding of the categories. It does this for the very reason that it 'supplies' or furnishes these categories in the first place.

It is the fact that, for Marx, the subject - "modern bourgeois production" - is the point of departure for the dialectical synthesis, and not its result, which comprises the turning of the Hegelian dialectic "right-side up again". For Hegel :

"... the condition is posited as the conditioned, the determinator as the determined, the producer as the product." (Marx, 1981c,p.63)

It must be borne in mind however that Marx's own "dialectic method" is to be conceived of as a theoretical "manner of working" i.e. as a "reproduction of the concrete by way of thought."

"The concrete totality is a totality of thoughts, concrete in thought, in fact a product of comprehending..." (Marx, 1981a, p.101)

The 'concrete totality' is not given, does not exist in reality, but is 'made' constructed as the product "of a thinking head". The really existing reality is not constructed by thought, but neither does it immediately exist as 'revealed'. As Marx says :

"All science would be superfluous if the outward appearance and the essence of things directly coincided." (1984, p.817)

Thus what Marx is saying in the 1857 Introduction is that "the method of rising from the abstract to the concrete" which takes place "in the head" is "scientifically correct". However what is incorrect is the identification of this process as one which takes place in reality and not simply "in the head" i.e. by both Hegel and Proudhon.

For Marx the logical sequence of the categories is determined, but it is determined by the relation which these categories occupy in the capitalist society itself. The sequence of their unfolding is neither determined by 'the Idea' (Hegel) nor by 'the actual historical course' (Engels). For both Hegel and Engels the given subject is treated as a result and not as a point of departure. Therefore the unfolding in Marx's dialectic does not depict an historical unfolding but a logical one. It constructs another, alternative totality, which stands over and against the really existing subject as its comprehension. As it presents itself, the really existing subject is "chaotic" and is still to be rendered a "concrete totality" by the theoretical method of rising from the abstract to the concrete, and where the 'abstract' is the abstract determinations of this specific society, this subject. Marx's "dialectic method" is to be understood then as a theoretical

method of comprehension, which proceeds from the lower to the higher by way of conceptual necessity. It is Marx's own construction, a form of the unfolding of the existing subject that he has applied to the subject-matter in order to bring it to light. Moreover, and as we have noticed in relation to Kaufman's review, it is applied only to a "given social organism", which possesses its "own laws", and within which the 'law of value' is primary.

We said above that for both Hegel and Engels the subject of the inquiry was treated as a 'result'. What this means in the case of Hegel is that, when considering the relationship between Marx and Hegel in ontological terms, or in terms of their ontological priorities, Hegel's speculative philosophy is to be considered what we may call 'genuinely metaphysical'. That is, the course of dialectical development and its inherent necessity is determined for Hegel a priori by the need for self-consciousness to become self-identical Reason. This is why Feuerbach characterised Hegel's philosophy as basically 'theological'. For Marx, on the other hand, the determination of the course of dialectical development already exists and is the origin and explanation of the dialectical development. In the case of Engels the really existing subject appears as the result of the historical process, and where its comprehension is to be achieved only by the study of this process. That is why he originates an 'historical' dimension to the transformation procedure in the attempt to aid this comprehension.

In relation to this it must also be recalled that Engels conceives that the standing of Hegel "on his feet" takes place at the inception of historical materialism, in the mid-1840's. On this view Hegel's 'mystical' dialectic is replaced by the dialectic of reality, i.e. that the dialectic of history itself is Marx's own dialectic, is what he refers to as "my dialectic method".

However, by subsuming Hegel's dialectic from the very first - i.e. by treating its 'inversion' as a necessary preliminary task to the formation of 'the materialist world outlook' and the 'science of dialectics' - Engels precludes the understanding that Marx will only later 'invert' Hegel's dialectical method and in relation to his theoretical method of political economy, to which 'historical materialism' had brought him to the threshold.

Unfortunately however, when Marx says that his dialectic method is "the complete opposite" of Hegel's then this is often taken as confirmation of Engels' reading that Marx substituted a 'real' dialectic for Hegel's 'mystical' one. Again However, this only serves to legitimate the mistaken notion that historical materialism contains the theory of value within it.

However, as Rubin remarks :

"Confusing the theoretical and the historical setting of the theory of value is not only pointless... but also harmful. Such a treatment puts the proportions of exchange into the foreground, and ignores the social form and the social function of value as the regulator of the distribution of labour, a function which value performs to a great extent only in a developed commodity economy, i.e. a capitalist economy. If the analyst finds that primitive tribes, who live in conditions of a natural economy and rarely resort to exchange, are guided by labour expenditures when they establish exchange proportions, he is prone to find here the category of value. Value is transformed into a supra-historical category, into labour expenditures independent of the social form of organisation of labour. The 'historical' setting of the problem thus leads to ignoring the historical character of the category of value." (1982, p.p. 256-7)

That is, to ignoring the specific character of both the labour theory of value and the "dialectic method" in which it is set.

(4). 'Value' as "concrete in thought"

In the course of the thesis we have referred to that 'inner necessity' which 'deploys' the various particulars in their relation to one another. We have also considered Marx's 'rational' model of equilibrium, i.e. the "natural law" of commodities tending to exchange according to the socially necessary labour time contained in them.

Again, we drew analogies between value and magnetism and value and gravity in order to convey that value, although a nonphysical 'invisible' entity, nevertheless has the substantial effect of controlling the prices of commodities. Here the 'visible' physical aspect of commodities was seen as relating exclusively to their use-value.

In this section we shall attempt to bring these various aspects together by relating Marx's concept of value to the dialectical process of constructing a "thought concrete" which, as we remarked, stands over and against the really existing concrete as the comprehension of this concrete.

We have seen, again from Kaufman's review, that Marx's subject is a "social organism" and in Marx's letter to Kugelmann, cited earlier, Marx again treats of a social organism which "would die" if it failed to perform certain vital and essential functions.

The distribution of social labour in definite proportions was seen as a "natural law" which could not possibly be done away with but could only change the form in which this law appeared or manifested itself. These considerations are to be treated as relating to the ontological foundation for the theory of value:

"For living things have a form which is inherent in them...this form is inseparable from their matter, it is the form inherent in a physical organism. Their form is also a necessity, as it were, in that they cannot help trying to conform to it. But

at the same time it is their own necessity... The requirements of the whole life-form explain processes in the organism as what is needed for the whole. This explanation relates these processes to a purpose; it gives the reason for them. It gives the sense behind things.

Teleological explanation is explanation out of totality. The partial processes are explained by their role in the whole.
(Taylor, 1975, p.321; my emphasis)

Taylor's observation that form is a necessity to which the organism cannot help trying to conform is precisely the sense of the passage in Marx's letter to Kugelmann mentioned above.

Again, the statement that teleological explanation proceeds out of totality and that this totality provides the explanation of the partial processes which make it up, may be considered as relating to the 'qualitative' determination of value being the foundation for its 'quantitative' determination.

We shall attempt to make this clearer by proceeding on the assumption that the ontological foundation for Marx's theory of value is the "life-process" of a "social organism".

Stace says :

"The living organism provides the best example of inner design, or true teleology ... All the organs or separate parts work in subordination to the purpose of the whole. This purpose of the whole is simply the life of the whole itself. The parts therefore are the means, the whole is the end. But the parts and the whole are one and the same thing, now viewed as a plurality, now as a unity. So that means and end are the same thing. The organism regarded as a plurality is a means; regarded as a unity it is an end. Means and end are not two objects, but two aspects of one object." (1955, p.274)

If we conceive of the "natural laws" Marx refers to in abstraction

from "the forms in which they may appear", i.e. if we conceive of an essentially social organism in abstraction from the forms in which it appears, then, in accordance with this essence, the image should be one where the life-sustaining productive forces of the organism have been proportionally allocated in accordance with the varying needs of the organism itself.

Here equilibrium among the varying functions of the organism would be considered as expressing the 'inner purpose' of the organism, expressing the 'inner necessity' of the life-form itself. Equilibrium, as the expression of the life of an essentially social organism, can be said to 'govern' the movement of the parts and their mutual relations to one another. The 'purpose' of the whole is the equilibrium condition, where the parts work in subordination to this purpose of the whole. Equilibrium then, is the expression of the 'inner necessity' of the social organism.

It is this ontological foundation in the "natural laws" which regulate the life-process of a social organism which forms the theoretical background for the model of the 'simple' commodity economy :

"In conditions of a simple commodity economy the average prices of products are proportional to their labour value. In other words value represents that average level around which market prices fluctuate and with which prices would coincide if social labour were proportionally distributed among the various branches of production. Thus a state of equilibrium would be established among the branches of production." (Rubin, 1982, p.64; my emphasis)

In other words, value represents the condition of the equilibrium of the social economy. In the primitive communal society or in the socialist society, labour is immediately proportionally allocated in accordance with needs of the social organism. Here the reality corresponds more or less to our abstraction of

the model of the social organism in the condition of equilibrium. Commodities exchanging at their values is the condition of equilibrium of the commodity economy. It is the life-process of the organism 'showing through', as it were, or the form of appearance of the ontological essence. We could also say value is the form of appearance of "natural law", where the 'inner purpose' of the social organism to attain to the condition of equilibrium is the essence, which appears in the model of the 'simple' commodity economy as when 'value' is the level around which commodities exchange.

The ontological necessity for society to proportionally distribute its labour among the various branches of production is the ontological foundation to the theory of value.

The magnitude of the value of the commodity corresponds to the amount of labour that the social organism finds necessary to expend for its production, at a given level of development of the social productive forces. In the model of the 'simple' commodity economy this productive expenditure is assumed to correspond exactly with social need.

The tendency of the social organism, as a "social organism", to distribute its labour in accordance with its various needs is, in each of the individual branches of production, the centre around which commodity prices fluctuate.

Thus in a society composed of mutually independent commodity producers value and its magnitude are the inevitable expression of the ontological necessity for society to distribute its labour in definite proportions. And the theoretically conceived equilibrium condition of the social organism is expressed or appears in the model of the 'simple' commodity economy as the average prices of commodities approximating their values.

As Rubin stresses :

"The law of value is the law of equilibrium of the commodity

economy." (op.cit. p.67)

And he goes on to remark of the 'simple' model :

"In other words, this state of equilibrium corresponds to the average level of prices. This average level is a theoretical conception. The average prices do not correspond to the actual movements of concrete market prices, but explain them. This theoretical abstract formula of the movement of prices is, in fact, 'the law of value'." (ibid, p.78)

When Rubin says that these average prices do not "correspond" but "explain", then they are to be seen as the 'representative' of the underlying ontological essence, i.e. as the ultimate explanation.

This average level of prices is a "theoretical conception", which means that it theorizes the ontological necessity for the social organism to express its life in a certain way. Average prices correspond to the underlying tendency in the organism to attain to proportionality in the distribution of its labour.

In this way the 'law of value' is ontologically grounded in the being of the organism; is the expression of it as essence. Hence :

"Only as an inner law, vis-a-vis the individual agents, as a blind law of nature, does the law of value exert its influence here and maintain the social equilibrium of production amidst its accidental fluctuations." (Marx, 1984, p.380)

And again :

"The different spheres of production, it is true, constantly tend to an equilibrium ... there exists an inner relation which settles their proportions." (ibid, 1983, p.336; my emph.)

Thus the constant tendency to equilibrium exists in the commodity economy as the 'law of value'; hence :

"The deviation of market prices from values is the mechanism by means of which the overproduction and underproduction is removed and the tendency towards the reestablishment of equi-

librium among the given branches of the national economy is set up." (Rubin, op.cit. p.65)

Since the parts and the whole are the same thing, then they can only be separated theoretically. The law of value, as the expression of the whole, is therefore 'theoretically conceived'.

It is, as we said before, an invisible, nonphysical, yet substantial entity - which substance is derived from its ontological ground - which regulates or governs the parts in relation to the whole, "settles their proportions".

We should of course remember that the model of the 'simple' commodity economy is a theoretical abstraction from an existing social organism. It is the theoretical consideration of only one aspect of this existing social organism, i.e. the equality of the producers as autonomous owners of commodities.

Nevertheless, as theoretically conceived, along with its ontological essence, it inaugurates the construction of a "thought concrete".

Yet it is a 'simple' model, which must be determinately negated as the dialectic method proceeds to the construction of the "concrete in thought", which is the adequate theoretical reflection of the existing and presupposed social organism. The 'simple' model will be overbuilt by the more concrete relations.

As we have noted, the 'simple' model is retained in Capital vols.

1 and 2 and only gives way to the more concrete relations in vol. 3.

The transformation procedure is to be considered as the theoretical 'bridge' between the 'simple' and the 'combined' - from the theoretical model of the 'simple' commodity economy to the theoretical model of the commodity-capitalist economy.

What we may term the 'intermediary' theoretical model between the two is that where we retain the foundation of the 'simple' commodity

economy, while at the same time, having each of the branches of the social division of labour owned and controlled by capital.

We cited this 'intermediary' model earlier as the stage described as the coexistence of capital and exchange at market value.

As was said, this model or stage in the conceptual ascent represents a contradiction in terms, or a contradiction in concepts.

The foundation of the 'simple' model, where commodities exchange at around their values, must exist in contradiction with capital which is a value which breeds value out of itself.

In both the Grundrisse and Capital vol.3 Marx discloses the inner nature of capital as a "value-breeding value" before he proceeds to illustrate the inherent contradiction of the concept 'capitalist market-value' and, synonymously, the transformation of values into prices of production.

Of course, as was noted earlier, this concept has been constructed by Marx to be inherently contradictory, that is, as a contradiction whose transcendence will take us to a higher level in the dialectical exposition.

The transformation procedure represents precisely this synonymous transcendence of contradiction and the move to a more combined set of relationships.

For example, in the model of the 'simple' commodity economy the individual producers are perfectly happy to stay where they are in the social division of labour. The exchange of commodities at or around their values, i.e. in terms of the necessary labour-time expended, ensures that each individual producer finds no advantage in transferring from one branch of production to another.

Here the expenditure of individual labour-time coincides with the expenditure of socially necessary labour-time. That is, the labour time socially necessary for the production of the commodity at a given level

of development of productive forces, and to satisfy the amount of existing social need for this particular use-value. Here therefore supply and demand are assumed to be equal, and the condition of equilibrium is attained.

We may say then that the 'simple' model shares one of the primary characteristics of a consciously planned social economy in that each of them are 'faithful' to the functioning of the "social organism" in the proportional allocation of social labour.

But capital will neither expand nor contract production in accordance with or in terms of socially necessary labour-time, i.e. in terms of the value of the commodity, but only in terms of the rate of profit it considers to be at least adequate to its magnitude. Capital does not seek recompense in terms of labour-value, but in terms of itself as point of departure.

It is therefore 'unfaithful' to the "social organism" in that it achieves equilibrium in terms of itself. The equilibrium of the capitalist economy does not coincide with the satisfaction of the needs of the "social organism" - expressed as 'value' - but coincides with the needs of capital. These needs of capital necessarily express themselves in the formation and equalisation of a general average rate of profit.

Thus when each capital partakes equally in the total new value produced - which is its tendency - according to its size, we have the equilibrium of the capitalist economy.

This theoretically conceived condition of equilibrium means that each capitalist sells his commodities at 'prices of production', which is therefore the equilibrium price of the capitalist economy.

Equal participation in the total new value socially produced - total surplus value - according to the size of the capital invested, is the

equilibrium condition of the capitalist economy, i.e. where no capitalist is advantaged by moving his capital from one branch of production to another.

This is a theoretically conceived condition of equilibrium, part of the "thought concrete". When we comprehend the inner nature of capital, which is treated as evolving surplus value out of itself, then this theoretically conceived equilibrium condition is the comprehension of its necessary inner tendency.

"It is not possible to observe the state of equilibrium in the distribution of capital among the various branches of production at any one moment. But without such a theoretically conceived state of equilibrium, the character and direction of the fluctuating movement cannot be explained." (Rubin, 1982, p.78; modified.)

The transition from the 'simple' model of equilibrium of the social economy to the more 'combined' or capitalist model is the transformation of equilibrium in terms of 'equality of labour' (value) to equilibrium in terms of 'equality of capital' (price of production).

"Since the total value of the commodities regulates the total surplus value, and this in turn regulates the level of average profit and thereby the general rate of profit - as a general law or a law governing the fluctuations - it follows that the law of value regulates the prices of production." (Marx, 1984, p.180)

Hence in the theoretically conceived equilibrium of the capitalist economy, total prices of production equal total value, i.e. the proportional distribution of total value to each and every capital according to its size. This means that 'price of production' is the equilibrium price of the capitalist economy.

This being the case, then 'price of production' is only a more concrete expression of the 'average price' which regulated the equilib-

rium of the 'simple' commodity economy, and is to be 'theoretically conceived' in precisely the same manner.

'Prices of production' are only the form of manifestation of 'value' itself when the 'simple' relations have been mediated by the presence of 'many capitals' and the formation of a general average rate of profit.

This means that prices of production do not "correspond" to the existing concrete market prices, but "explain" them. As expressions of the total amount of surplus value, in which each capital claims participation proportional to its size, they are the "hidden regulator" of the equilibrium of the capitalist economy.

Since, as Rubin remarks, this theoretically conceived state of equilibrium is essential if the fluctuating movement is to be explained, then the prices of production are an element of that "concrete in thought" which comprehends the 'movement in the object', renders it 'known'.

Marx's "dialectic method" does not replace or substitute for the dialectic of the really existing and presupposed subject, but allows us to comprehend it by the construction of a "thought concrete" which identifies the dialectic of reality as an emergence from its basis as the form of appearance of an essentially "social organism".

Finally, if price of production is to be comprehended as emerging from value as a form of value itself, then this only means that we must comprehend those conditions where commodities exchange at their values in order to then comprehend how they systematically deviate from their values. This means we must follow the course of dialectical reasoning from the more abstract to the more concrete relations. Therefore those who suggest that Marx's theory of value is no longer relevant to capitalist production, fail completely to comprehend the

precise nature of the theory of value and its place in that "thought concrete" which is the comprehension of the existing reality, i.e. as the form of expression of a system of social production in general, as a type of "social organism".

(5).

In the Introduction we made reference to the pioneering work of I.I. Rubin.

From the discussions of recent years in the area of value-theory there have emerged two fundamentally opposed approaches, characterised by de Vroey (1982) as the "technological" and the "social" paradigms. The former is also depicted as the "Sraffa-based critique" by Fine (1986) and has been dealt with here in the final section of chapter 3.

The "technological" paradigm treats 'value' as "linked to the difficulty of production", while the "social" - which de Vroey also refers to as "the abstract labour theory" - "value refers to the validation of private labour through the exchange of commodities against money", (de Vroey, *ibid*, p.40).

The "social" paradigm has also been referred to as "the value-form strand" (Fine, 1986, p.13), and as being synonymous with the "Rubin school" (Gleicher, 1983, p.98), in which both de Vroey and Fine are included, along with Pilling (1986) and Elson (1979) amongst others. Gleicher's criteria for inclusion in the "school" are that each of its members "follow Rubin's contention that labour becomes abstract only in the act of exchange between the commodity and money." (*op.cit.* p.119) As our criticisms of both Fine and Pilling may indicate, it is not sufficient to deem admission to the "Rubin school" on the basis of one or two criteria respecting the location of the substance of value.

For example, de Vroey says that :

"... private labour becomes validated (i.e. reckoned as a fraction of social labour) only insofar as its product is sold." (1982,p.40)

This certainly follows as one of the inevitable results of Rubin's approach, and is widely expressed in the "social" paradigm. But it requires to be placed in the appropriate methodological context, i.e. treated as deduced out of a totality, otherwise it simply raises as many questions as it purports to answer.

The absence of this methodological context becomes apparent when de Vroey goes on to say that :

"The theory of value must be able to determine theoretically the equilibrium exchange-magnitudes, but primarily in order to answer the challenges of 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." (ibid, p.41)

To suggest that equilibrium exchanges are not essential to the theoretical structure of Capital shows that the methodological significance of the model of the 'simple' commodity economy, and its ontological foundation in a system of social production, have gone completely unnoticed. As an accredited member of the "Rubin school" de Vroey seems not to have grasped the significance of Rubin's insight that "the law of value is the law of equilibrium of the commodity economy."

While for Elson (1979) the theoretical model does not even seem to exist, and she equates the 'simple' commodity economy with the historical activity of "a simple commodity producer who uses his own or his families labour" (p.126). She further equates the work of what she calls "the Hegelian I.I. Rubin" (p.124) to that of Sweezy, Meek and Dobb (p. 127).

We cannot here enter into a detailed discussion respecting the precise nature of the various contributions which together may be said to comprise the "social" paradigm, and the reasons for their inadequacies. However one feature does emerge which possesses a general significance with regard to these matters.

Even if we allow that Gliecher's designation "Rubin school" is largely inadequate as a generalisation, there would remain the fact that despite the inclusion of Rubin in a growing number of bibliographies, the genuine nature of his contribution has gone largely unappreciated.

For example, as with de Vroey so in the "Rubin school" generally, 'equilibrium' tends to be treated only as a neo-Classical or Sraffa-based 'device' which is imposed upon the subject matter from the outside, and not as the theoretically conceived expression of an essential property of this subject-matter as a system of specifically 'social' production.

On this perspective "average prices" must only be conceived as an external abstraction, and not as a "hidden regulator".

Then again, from the position adopted here, on questions of theoretical political economy Rubin is treated as only articulating the position of Marx.

This forces the conclusion that in many cases it is aspects of the work of Marx himself which have gone largely unappreciated.

We hope to have established that this is undoubted-

ly the case with respect to what we may call the 'Engelsian' position where, as was discussed earlier, 'historical materialism' is treated as containing the 'theory of value' within it.

The core assumption of this position - that feature which identifies it in the literature - is the conviction that knowledge of the past, or the process of coming-to-be, is the source of our comprehension of the present. This is typified in the 'historical' writings of Mandel as well as in the work of those Marxist scholars in the field of 'historical materialism' who have been influenced by Soviet Marxism - which is surfeited by Engels's methodological postulates.

Yet, for Marx, precisely the opposite is the case. It is the knowledge of the present, the comprehension of what it essentially is, which provides us with the means to understand the past, i.e. to determine what it is a past or a process of coming to be of.

We cannot legitimately claim to travel from the past to the present feeling theoretically enriched with respect to the nature of value. We must be previously 'theoretically enriched' - or in possession of a "thought concrete" - before we can see the significance of past development.

Much scholarly labour is expended in the social-historical excavation of the past which offers very

little with regard to aiding our comprehension of the 'theory of value'.

The methodological difficulty arises when this scholarly labour is represented as the exclusive means of gaining any knowledge of the theory of value. In fact however, and as we hope to have shown, we could only reasonably consider that knowledge of the past increased our knowledge of the present in value terms on the basis that we hold to a physiological conception of the substance of value.

The comprehension of the present carries with it the notion as to precisely what manner of general historical presuppositions were necessary for the emergence of capitalism in the first place.

On the basis of the comprehension of the present those past 'moments' which have been of significance for the emergence of the present can be sought out and developed as historical examples:

"... The extent to which the production process in general comes to be modified historically as soon as it becomes merely an element of capital has to be found out in the course of developing it; just as the simple conception of the specific characteristics of capital must yield its general historic presuppositions.

Everything else is empty chatter. Only at the end, as a result of the whole development, can it become clear which aspects belong in the first section, 'Production in General', and which into the first section of the second section, Exchange Value in General'." (Marx, 1981a, p.320)

The point we are attempting to make here is that the point of departure in the 'method of presentation' is not simply 'given' as e.g. "the first and simple relation which is historically actually available".

Rather the point of departure is indicated as such only via the comprehension of the present. It is therefore to be considered as the result of the process of the production of knowledge.

Therefore Marx's "end" or the "result of the whole development" is considered here as the thorough comprehension of the present which then enables the presentation of the material in a manner which is rich in historical detail.

But the historical 'fleshing out' of the subject matter is to be considered as a secondary operation which is only made possible by the prior construction of the "concrete in thought".

Hence this latter "thought concrete" may exist in the absence of an authentic and adequate demonstration of the former, i.e. the "method of inquiry" precedes the "method of presentation".

Of course the adequate "method of presentation" is essential, since it is this which provides us with both a "thought concrete" and the historical verification of its legitimacy. Marx acknowledges the necessity for this 'adequacy' in the Grundrisse when he says that :

"It will be necessary later...to correct the idealist manner of the presentation, which makes it seem as if it were merely a matter

of conceptual determinations and of the dialectic of these concepts. Above all in the case of the phrase: product (or activity) becomes commodity; commodity exchange value; exchange value, money." (1981a p.151)

This 'conceptual shorthand' which Marx uses may be considered as testifying to the fact that reality as it exists has been comprehended, but that the "method of presentation" has not been fully worked out.

In the Contribution (1859) Marx recalls the 1857 Introduction, saying :

"A general introduction which I had drafted is omitted, since on further consideration it seems to me confusing to anticipate results which have still to be established." (1981b, p.19)

That is, "established" with respect to their actual historical development.

Similarly, when comparing this same Contribution with the first volume of Capital, published eight years later, Marx notes especially that :

"The presentation of the subject-matter has been improved." (1983, p.19)

Thus we may view the intervening years as ones where Marx laboured to formulate the precise "manner of presentation" which would be an exhaustive treatment of the given subject-matter.

We know that in this endeavor he was aided by Hegel's dialectical 'method of working'. In this connection, the 'etymology' of method reveals it as denoting 'following a way'. If this refers to the specification of the steps that must be taken, in a given order, to achieve a given end, then Marx follows Hegel's 'way' in order to achieve the 'end' of the full construction.

of that "concrete in thought" which is the rational comprehension of the existing state of things.

What we have termed our 'delimitation' of Hegel, which connotes the 'confinement' of Marx's "dialectic method", is important in one final respect.

This has to do with the Hegelian historicism of Lukacs and Korsch, which we must briefly consider.

(On the grounds of immediate methodological relevance, as well as space, we shall exclude any treatment of 'phenomenological' Marxism, and with it Gramsci's notion of a 'universal intersubjectivity of persons', as well as the utilisation of the categories of Freudian metapsychology by the 'Frankfurt school'.)

Both Lukacs and Korsch treat Marx's "dialectic method" as being fundamentally the expression of a subject, rather than the knowledge of an object.

'The proletariat' become the specific subject of history, and Marxism itself is its expression. For both, Marxism preserved the 'truths' of philosophy, which only means that for each of them the "active side" which was such a feature of 'idealist philosophy' is seen as being taken over or 'rescued' by Marx's historical dialectic, i.e. Hegel is "turned right-side up again" in the production of 'historical materialism'

It is essentially a return to the 'early' Marx,

a return which is inspired by the conviction that Hegel was exhaustively inverted then. It is significant that the favourite text of both Lukacs and Korsch is the Introduction to A Critique of Hegel's Philosophy of Right. (1843-4).

It is ironic that Lukacs and Korsch were each castigated by Deborin for the anti-Engelsian nature of their emphases, when they each follow precisely his example of proceeding on the methodological basis that Marx replaced Hegel's 'mystical' dialectic with his own 'real' one, which was said to be incarnated in the historical process.

It is surely fundamentally significant that the manner of the derivation of the categories within Marx's theoretical method of political economy does not appear as informing the work of any of these 'Western Marxists' we have mentioned up until now.

The necessary consequence of what is largely the eschewing of political economy, and the replacement of its centrality by questions of alienation and ideology, is that Hegel is not 'delimited' here. On the contrary, Hegel is made to appear ubiquitous with regard to Marx's entire contribution.

Thus Rosdolsky, who champions what he calls Lukacs's "pioneering study" in the realm of methodology, deems that :

"If Hegel's influence on Marx's Capital can be seen explicitly only in a few footnotes, the Rough Draft must be designated as a

massive reference to Hegel, in particular to his Logic - irrespective of how radically and materialistically Hegel was inverted!"
(1977, p. xiii)

However, and as we have been at pains to show, the comprehension of the existing reality and the determination of the categories in the dialectical synthesis is not at all "irrespective of how materialistically Hegel was inverted", but depends exclusively upon just this.

Rosdolsky has Hegel everywhere, as an all-embracing presence in the work of Marx.

This ubiquity of Hegel only spreads confusion with regard to the Marx-Hegel relationship, and obscures the precise manner and to what specific end the latter was 'inverted'.

It is one of our conclusions that reference to Hegel and his 'influence' on the work of Marx should be largely confined to the theoretical method of political economy, and that elsewhere, the 'cocqueting' with the 'modes of expression peculiar to Hegel' should be treated as simply that.

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