BRITISH ECONOMISTS AND PHILOSOPHERS ON MARX'S VALUE THEORY, 1920-1925*

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I. INTRODUCTION

In the aftermath of the Great War and the Bolshevik revolution, the years 1920-1925 witnessed a great upsurge of academic writing in Britain on Marx's theory of value. We shall not seek to 'explain' this phenomenon but it may nevertheless be of interest first to sketch, as a contrasting background, the limited interest shown in this topic in the pages of the Economic Journal, 1891-1920. For that journal did indeed, in that period, devote considerable space to matters socialist (taken in a broad sense). (See Steedman, 1990)

In the 'Current Topics' section of September 1894 it was noted, without further comment, that, 'A third volume (Book iii) of Karl Marx's Kapital is expected to appear before the end of the year. It will contain the solution of problems left unsettled in the earlier portions of the work if we may believe the editor, Friedrich Engels.' (p.561) But according to F. Butlin's review the following year (1895, pp.249-51), Volume III 'would seem rather to show that a theory based on the assumption that value is determined exclusively by labour, could not be further developed without being brought into conflict with facts too familiar to be overlooked.' (Butlin refers of course to the 'facts' of a uniform rate of profit and of varied compositions of capital.) As for Marx's idea that 'the total price of goods always coincides with their total value,' Butlin remarks that, 'It is difficult to see what meaning can here be attached to the word value.' (p.250) And he concludes that 'the greatest stumbling-block to the success of the cause Marx had so much at heart lies in his own theory of value.' (p.251) Unsurprisingly, Butlin offered similar assessments in his reviews of Böhm-Bawerk's Karl Marx and the Close of his System: A Criticism (in English translation), in 1898 (pp.375-8) and of Karl Diehl's Ueber das Verhältnis von Wert und Preis im ökonomisches System von Karl Marx, in 1899 (pp.73-4). And there the matter rested for twenty years, until Edgeworth reviewed Gustav Cassel's Theoretische Sozialökonomie in 1920 (pp.530-6), on the very threshold of the period to be considered in this paper. Edgeworth at one point writes: 'We also agree [with Cassel] as to the distortion of Ricardo's doctrine by Marx; and as to "the ridiculously exaggerated importance which has been attached to this Socialist theory of value," not only by the apostles of Socialism, but by its opponents … A science which makes concessions to a scholastic like that of Marx does not know what is due to itself.' (p.533) 'Exaggerated' or not, the works we are about to consider do indeed take Marx's theory of value to be of importance and in need of serious discussion and criticism.

The five authors whose work we are to consider did not claim originality for their criticisms of Marx's theory of value – although Lindsay could perhaps legitimately have done so – but between them they certainly provided an impressive presentation of those criticisms; many of which, it would seem, had been forgotten by the 1970s when they needed to be rehearsed all over again! The works in question were all published in a period of social unrest and certainly in two cases (and perhaps three) they originated in extra-mural lectures and classes for a non-academic audience; they may have played a significant social role in influencing British attitudes to Marx's economic theory. Our five authors disagreed over the normative or non-normative nature of Marx's value theory but they were at one in taking that theory not to be fundamental to Marx's wider thought. They all criticized Marx's relative neglect of both demand considerations and the complexities of commerce, technical progress and innovation; none was impressed by Marx's handling of the concept of socially necessary labour or of the 'reduction' of skilled to unskilled labour. And Lindsay reached the striking conclusion that the labour theory of value is in fact inconsistent with Marx's stress on the idea of value as a social product! (More generally, Lindsay's considerable attention to the second volume of Capital could still be a valuable lesson to many commentators today).

II. J.W. SCOTT

The title page of J.W. Scott's 52 page 'little book' (p.1), Karl Marx on Value (1920) informs the reader that Scott was 'Lecturer in Moral Philosophy in the University of Glasgow' and, moreover, that he was the author of another work, Syndicalism and Philosophical Realism. (Syndicalism was of course much in the air at that time and was even referred to frequently in the Economic Journal; see Steedman, 1990, pp.82-6.) This brief but thoughtful and well written work is divided into three chapters, Chapter I being, 'The Law of Value: What it is.'

Scott begins by stating that his 'little book … is an effort to make clear a point in which [Marx] has been held to be wrong. It is not a small point. It is a point of the greatest importance. It concerns what he himself declares to be the central tenet in his economic teaching, his Law of Value.' (p.1) Scott goes on to explain that he 'is inclined to think' that 'a great deal of [Marx's] teaching rests on quite other foundations.' (p.2) Nevertheless, 'Marx's economics certainly stands or falls with the Law of Value whether the whole Marxian view of life does or not' and 'there is a mistake at the root' of that Law which is 'capable of demonstration.' (p.2) Marx's central question, Scott judges, is 'What gives commodities their power to exchange?' (p.7) To 'say what [exchange-value] consists of … is the problem of [Marx's] work.'

(p.8) Rather than proceeding directly to Marx's answer to this problem however – 'Everybody who knows anything about [Marx] knows what it is' (p.8) – Scott emphasizes what he takes to be 'the great defect in Marx's method of work.' The defect, that is, that Marx simply builds upon his answer (in terms of labour time) 'through page after page and chapter after chapter … without offering the reader any test whereby he might try and see for himself whether it is the true answer or not.' Marx's answer 'is at most a very interesting hypothesis,' yet instead of 'testing the hypothesis he just proceeds to work with it.' (p.9)

'What, then, does exchange-value depend on? … [Marx's] answer, the answer on which he stakes his entire political economy, is that what fixes the value of anything is the amount of labour which has been spent upon it.' (pp.11-12) Scott stresses that, 'Marx is not in the least telling us how value ought to be reckoned. He is telling us how it is reckoned. He is not concerned with what we ought to do. He is only interested in what we do.' (p.12) Nevertheless, the 'famous doctrine of surplus value' (p.13) springs from the Law of Value and that Law 'is not important because it supports Marx's economic system, though it does this. It is important because it gives him his moral case' (p.15) against the capitalistic system. And even if Marx himself 'may have set very little store by the strong moral case his theory gave him' , a 'great many people do want a moral case.' (p.16)

'Now it would appear that value does not vary with labour; that it cannot; because it has got to vary with something else, something which goes independently, namely price of production.' (p.17; six lines below, Scott writes 'cost of production', which is perhaps a better choice of terms)

The first few pages of Chapter II, 'The Fallacy in the Law of Value,' are devoted to clearing 'False objections to the Law of Value' (p.19) out of the way. Scott thus clarifies both that the labour taken to account for exchange-value is 'socially necessary labour,' the time necessary, that is, 'in the given state of society' (p.21) and that technical progress can give an individual employer a temporary advantage, such that particular items are sold at a higher price than would reflect the new, reduced labour cost. (pp.21-1). He then passes to 'the crux of the whole matter. It is a commonplace of political economy that under the competitive system things tend to fetch a price a margin above their cost of production.' More exactly, an 'Equal average rate of profit' prevails. (p.23) Now, 'where competition is allowed to work, the law is that goods tend to be priced to show a certain average rate of profit on the capital invested … The problem for Marx, then, since he does not deny this, is to show how the power of goods to exchange still depends on the amount of labour-time they contain.' (pp.24-5) There would, of course, be no conflict between the two principles 'if all the capital went to pay wages.' (p.25) But 'a man does not spend all his capital paying his men … Moreover the amount spent on labour in capitalistic societies is not always the same proportion of the whole, and does not even tend to be.' (pp.26-7; see also, p.30, 'the amount spent on wages does not form a constant proportion of the whole capital')

Marx was fully aware of the problem, Scott makes clear. (p.30) 'But he shows no way out of the impasse,' for 'no line of argument can ever approximate to a proof of a mathematical impossibility.' (p.31) Scott discusses some of Marx's arguments from Chapter Nine, Volume III of Capital but we need not follow him here, other than to note perhaps that he dismisses Marx's arguments based on the stipulation that 'total price equals total value,' as empty wordplay. (pp.37-41)

Nor need we dwell long on Chapter III, 'The Significance of the Fallacy.' As Scott sees it, effect of the publication of Marx's 'solution' in Capital, Volume III upon thoughtful Marxists was that, ‘The consternation was great.’ (p.45) The only individual named in this connection, however, was ‘one of the strongest of all the followers of Marx, M. Georges Sorel.’ (p.45; we recall that Scott had previously written on syndicalism) To Sorel, Scott attributes the response that ‘no store is to be set by the Law of Value at all, that the whole controversy was mischievous and ought to be banished from scientific socialism altogether and forgotten.’ (p.46) And his own comment on such a response is that, ‘The best defence of Marx’s economics, in other words, is to sacrifice them, and to say that his title to a hearing does not rest there at all … Yet this is not a very good defence.’ (p.46)

III. J.S. NICHOLSON

The Revival of Marxism (October 1920 and quickly reprinted in April 1921) was the last book of Joseph Shield Nicholson, Professor of Political Economy in the University of Edinburgh. Written in Nicholson’s 70th year, it has a somewhat wild and polemical tone, unlike the other works considered in this essay. We read in the Preface, for example: ‘I was … quite prepared to find on re-reading the Marxian critique of capitalism some ideas that might be of service under present conditions … But the more I read of Marx and his methods the more hopeless and depressing was the effect. Marx is the Mad Mullah of socialists.’ (p.v) While this is extreme even by the standards of the book as a whole, it suggests (correctly) that Nicholson does not add to the detailed scrutiny of Marx’s theory of value to be found in the other works examined here. Rather, we shall simply consider, on the one hand, Nicholson’s explanation for the revival of Marxism in Great Britain after the First World War and, on the other, some of his more general observations bearing on the Marxian value theory.

According to Maloney (1985, p.84), ‘Nicholson disliked monopolies, whether on the side of capital or of labour; and, as he grew older, saw himself increasingly as the champion of the unfashionable cause of competition.’ This is certainly borne out by The Revival of Marxism, in which Nicholson repeatedly relates the eponymous phenomenon to monopoly, rising prices and excess wartime profits. In the early pages we read that, ‘At present … people … are disturbed, not to say enraged, by the rise in prices which they ascribe to profiteering. [So] when they hear that Marx, more than fifty years ago, had discovered an eternal law of surplus value and proved it mathematically and historically, they are inclined to look with favour on the revival of Marxism. Their idea is that if profiteering has come to stay, a social revolution is required to make it go.’ (pp.6-7) Nicholson himself tells us that ‘it is indeed a kind of recurring leit-motif ’ of this book that ‘the ostentatious luxury of the war profiteers is one of the great incitements to the present revival of Marxism.’ (p.85; cf, p.90) Nicholson does not endorse the implied chain of reasoning; e.g., ‘The growth of trusts … in so far as it leads to higher prices, is an exploitation of the consumers of the products, but it is not specially an exploitation of the labour employed. Labour, indeed, may share in the monopoly gains just as labour shares very often in quasi-rents.’ (pp.108-9) The monopoly theme is however sustained to the very last pages of the book: ‘The evils arising from high prices and profiteering … are not to be got rid of by showing that Marxism is a kind of economic disease. The disease must be checked by destroying the conditions favourable to its growth.’ (p.138)

Turning now to a few of Nicholson’s more interesting remarks bearing on Marx’s theory of value, we shall find that they are indeed scattered remarks rather than the components of a continuous discussion; what follows will perforce be somewhat spasmodic in form – just like Nicholson’s own style in much of this book!

According to Nicholson, then, Marx 'had an extraordinary way of underrating or perverting the work of his predecessors.' (pp.11-12) 'He was always striving to emphasise differences, rather than to bring out agreements, with his own theory.' (p.69; this is said with specific reference to the theory of value) In connection with that theory Nicholson insists that, 'In general in any product there are very different qualities of labour concerned. And not only is labour required, but all sorts of auxiliary capital. In practice the only way of reckoning up the contributions of these various factors of production is to take their money prices.' (pp. 75-6; these points are not elaborated on but our readers will see their significance). More generally, Marx is said to underplay the role of demand – as opposed to that of cost – for 'cost itself only operates on values through supply and demand … Demand and Supply both operate not only as regards finished products, but also as regards the various factors of production. Demand and Supply determine not only the temporary oscillation of market prices, but also the long-period variations in normal (or natural) values.' (pp.76-7; see also pp. 86-7, 106 for further aspects of demand said to be ignored by Marx) Marx also fails, in Nicholson's view, to appreciate the significance of non-routine organization: 'He takes no account of the constant adaptation of new economies and of the creation of new industries and new methods', i.e., of a genuine contribution of the capitalist 'to the product of the labour.' (p.88) Similarly, 'Commerce on the Marxian analysis is also, like capitalist technical production, organised robbery. Marx has no real appreciation of the services of commerce.' (p.89) 'To try to reduce all the complicated processes of technical production and of trade to quantities of social labour is … impossible even in theory … because the creation and maintenance of capital require other elements, quite different from manual labour, and variations of manual labour'. (p.102)

IV. F. R. SALTER

Salter, a fellow and lecturer of Magdalene College, Cambridge, published his Karl Marx and Modern Socialism in 1921. He was anxious to affirm in the very first sentence of his Preface that, ‘This book is not in any way an anti-collectivist pamphlet’ and he concluded that Preface with the claim that Marx ‘was in point of fact a very loveable, very exasperating but essentially real, though often wrong headed, enthusiast.’ He there pointed out also that he could himself ‘plead practical knowledge of W.E.A. [Workers’ Educational Association] Tutorial Classes as, in some sense at least, a corrective to academic prejudice.’ His Chapter XV, ‘Conclusion,’ nevertheless contained the firm statement that Marx’s ‘economics are largely discredited.’ (1921, p.250) How did Salter arrive at this negative conclusion?

Salter’s book is by no means confined to examining the more narrowly ‘economic’ aspects of Marx’s activities, thought and influence but two complete chapters are, not surprisingly, devoted to such matters: Chapter V considers ‘The Marxian Theory of Value’ and Chapter VI discusses ‘Surplus-Value and the “Great Contradiction”.’ Salter opens Chapter V by informing us at once that, ‘Marx’s Theory of Value is not really the cornerstone of his economic doctrine, although it is sometimes made to appear so by modern Marxians’ (1921, p.65) but he nevertheless devotes twenty pages to the discussion of that theory. In part his discussion presents foreshadowings of Marx’s theory in the works of ‘a whole school of anti-capitalist economics’ (p.68); Dr. Charles Hall, William Thompson, Thomas Rowe Edmonds, Thomas Hodgskin and J.F. Bray are all considered. (pp. 69-73) For Salter, however, it does not ‘really matter very much whether Marx was in this matter an original thinker or not: he certainly made these ideas his own, even if they were not his to begin with.’

(p.66: yet Salter does later remark rather sharply that ‘it is hard not to draw for ourselves an unpleasant picture of a man [Marx] determined to claim all the recognition he can, both for what he has himself done and for what he has borrowed from others,’ p.73.) For Salter, indeed, ‘Marxism is a curious blending of “orthodox” [Smithian and Ricardian] economics and socialist Economics.’ (p.66)

Salter’s detailed consideration of Marx’s theory of value begins, as one might expect, with an examination of ‘<u>use value</u>, which is purely subjective’, of ‘<u>exchange value</u>, which is the only way in which <u>use value</u> can be measured objectively’ and of ‘<u>price</u>, which … may be taken to be on the whole the market form of <u>exchange value</u>.’ (p.76) He is not convinced by Marx’s claim, in the very first pages of <u>Capital</u>, that the only relevant common property of commodities is ‘that of being products of labour.’ True, Marx ‘has at any rate spared us the Differential Calculus which some economists consider indispensable, but there is in his reasoning something rather scholastic … when he disputes about the properties of things, and makes his metaphysical abstractions, and looks almost as if he was going to involve us in a controversy about the Reality of Universals … we begin to suspect his method.’ (pp. 77-8) Why, Salter asks, does Marx ‘rule out air, virgin soil, natural meadows, etc.’ as things having value? ‘Why does he so readily exclude value in use as irrelevant to the discussion?’ (p.78) More positively, Salter insists that, ‘Purely natural objects, which labour has taken no part in producing, can have exchange value … for instance, a Mesopotamian oil-well, as businessmen are ever ready to explain to politicians.’ (p.78) Like both Wicksteed, Karl Knies and Böhm-Bawerk before him, Salter stresses that while ‘it does not matter for purposes of exchange-value what species of utility the article possesses … use-value of some sort there must be,’ so that utility must at least be considered as a possible ‘third element equating two commodities.’ (p.79)

The third and final section of Chapter V, namely ‘Value and Labour-Time’, sets out Salter’s more direct criticism of Marx’s value concept. This centres on the ‘natural objection that different kinds of labour vary in nature and are difficult to equate with one another (e.g. the labour of the tinker compared with that of the tailor or the candlestick maker), while within each trade or craft the most efficient worker will take the least time over his work.’ (p.81) How then can labour ‘simply’ be measured in units of time? Salter recognizes that Marx himself raised these questions quite explicitly but insists that Marx gave no clear and useful answers to them. After quoting Marx’s statement that, ‘The labour-time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time’, Salter points out that Marx himself goes straight on to suggest that it is not in fact the average but rather ‘the minimum time required for the production of an article’ that determines its value. (p.81) Specifically, Marx here argues that after the introduction of the power-loom it was that method’s labour requirements that now determined the value of cloth and that the time required by the handloom weavers no longer played any role in that determination. Moreover, Salter quotes Marx’s earlier statement (from La Misère de la Philosophie, 1847) that ‘what determines value is … the minimum time in which [a commodity] is susceptible of being produced.’ (pp. 81-2; English translation, Quelch, p.39) ‘What kind of labour-time then is Marx talking about, is it “average” or is it “minimum”? He has given us authority for both, and in the third volume of Capital he suggests that it is neither, but rather the maximum: for he tells us that agricultural produce is regulated in value by the worst soils.’ (p.82) It is thus far from clear how we are to interpret Marx’s statements to the effect that value is determined by ‘socially necessary labour time.’

Be that as it may, Salter then turns to the point that if value is determined by socially necessary labour then ‘it is obviously extremely important that we should know exactly what ratio skilled holds to unskilled labour.’ (p.83) Marx’s reference, early in Volume I, to ‘a social process that goes on behind the backs of the producers’ gives merely the semblance of an answer, Salter insists, and ‘leaves the question exactly where it found it.’ (p.84; Salter comes close to saying that it is in fact the very process of exchanging the products that establishes the ‘ratio’ of skilled to unskilled labour – c.f. Steedman (1985 [1989]) – but if this is what he intends he unfortunately leaves the point implicit.) Thus, while Marx was perfectly open about the fact that the concept of ‘socially necessary labour time’ is far from being a completely straightforward, utterly transparent concept, he made little progress, in Salter’s judgement, in resolving the difficulties involved and hence in elucidating the concept so central to his whole theory of value.

In the title of Salter’s Chapter VI, ‘Surplus-Value and the “Great Contradiction”’, the term ‘the great contradiction’ refers to what is now generally known as the transformation problem, the question whether Marx in Volume III does or does not essentially contradict what he said in Volume I. Before his discussion of that matter, however, Salter presents some arguments concerning ‘The Creation of Surplus Value’ and, after it, some thoughts on ‘Cost of Production, Supply and Demand.’

While Salter takes the great contradiction to be ‘the main ground of objection’ to Marx’s theory of surplus value, he has ‘certain preliminary criticisms’ to make. (p.88) The first is that in Marx’s account ‘none of the value created in a manufactured commodity is allowed to be due to skill in procuring the raw material, power of organising a good market for the sale of the finished article, and so forth.’ (p.89)

Salter's second preliminary criticism is that to 'competition, as a collective name for all the psychological motives and impulses which determine the action of dealers in the market, Marx is determined to allow as little weight as possible.' (pp. 89-90) Third comes the claim that, 'If little influence is allowed to competition, still less is allowed to the time-process' (p.90); it is surely relevant here that nowhere in his Chapters V and VI does Salter make any reference to Capital, Volume II.

Salter's fourth and last preliminary criticism is of greater interest. Early in Chapter V he had already remarked that, 'Labour did not mean to Ricardo … Manual Labour alone: it definitely meant Labour organised by a capitalist … the labourer alone was not considered the sole element in the creation of value.' Salter now returns to this idea, writing that 'Marx himself, even in the First Volume, allowed, perhaps unwittingly, a "new power, namely the collective power of masses," to count in the creation of surplus-value … the labour-power of individuals separately and the collective labour-power of these individuals working together is not the same.' (pp. 90-91) Salter thus concludes that:

> 'By being organised and made to work together, instead of as individuals, the labourers have in the mass developed additional labour-power, and therefore additional surplus-value. But this is something quite different from what may be called the main Marxian idea of surplus-value arising from the difference between the individual labourer's cost of subsistence and the value of the product of his labour.' (p.91)

With respect to The Great Contradiction itself, Salter does indeed take it to mean that, in effect, Marx in Volume III abandoned his Volume I labour theory of value reasoning 'and substituted a very orthodox cost of production theory, which none of the despised "classical economists" need have been ashamed of having produced.' (p.93) Thus 'the search for the third substance present equally in each of two exchangeable commodities, the congelation of homogeneous human labour, and so on, all are now abandoned.' (p.94) Salter acknowledges Marx's claim that even if 'no single commodity sells at its "real" (i.e. labour-time) value [nevertheless] the totality of all commodities is sold at a price which is the sum of all their values.' (pp. 94-95) But Salter quotes and accepts Böhm-Bawerk's claim that it is meaningless to talk about the price and the value of total output since price and value are essentially concerned with the relations of individual commodities to one another. For Salter, then, if the theory of value 'does not in the end explain what actually does take place it is not worth bothering about any more' (p.97) and 'the fact [is] that the main part of this theory was avowedly abandoned in the Third Volume of Capital.' (p. 98: how this squares with Salter's earlier claim that the labour theory of value 'is not really the cornerstone of [Marx's] economic doctrine' (p.65) is not clear; nor is it obviously appropriate to say that the theory was 'avowedly' abandoned. Salter may reject Marx's claim that the theory 'ultimately' regulates prices of production but he cannot say that Marx openly denies such regulation).

Salter concludes Chapter VI with a brief argument to the effect that even a 'watered-down theory of cost of production-plus-average-profits (which must be taken to be Marx's last word on the question of value)' is not a fully adequate theory of value. (p.99) More specifically, he notes (with reference to Professor Henry Clay's Economics for the General Reader) that, 'The typical modern firm includes many products in its output, the costs of which cannot always be analysed and computed separately; hence Cost of Production is no longer an adequate explanation of values.' (p.101; this quotation from Clay occurs at p.303 of Clay's 1942 second edition. Salter must of course have used the first edition of 1916.)

It will not have escaped the notice of our reader that Salter's book is much less hostile towards Marx than is that of Nicholson. The latter's hostile tone was no less evident in his review of Salter's work in the Economic Journal (1921, pp. 224-9), which casts a strongly negative light on Salter's generally eirenic approach. 'Whether Mr. Salter believes in Marx at all or how much must be doubtful to any reader of his book. He glorifies and he condemns Marx with bewildering quick changes' (p.224), Nicholson suggests. And he concludes sternly that, 'In these days a writer who has understood the weaknesses and the contradictions of Marx ought to have the courage to show the real balance of the account.' (p.229) It was clear enough what Nicholson thought of Salter's courage.

V. H.W.B. JOSEPH

Whereas the works by Nicholson (1920), Salter (1921) and Lindsay (1925) all treated Marxism more generally, the 1923 volume The Labour Theory of Value in Karl Marx, by the Oxford philosopher Joseph, like that of Scott, was entirely devoted to these matters. Over some 170 pages, Joseph engages in a painstaking critique of Marx's value theory – a complete chapter is given over, for example, to the consideration of the homogeneity/heterogeneity of labour.

Joseph was a Fellow and Tutor of New College, Oxford and in his Preface acknowledges the considerable help of the intuitionist ethical philosopher H. A. Pritchard, of Trinity College, Oxford. Also thanked for their help are Edwin Cannan and Professor Henry Clay of Manchester University (whose work, as we noted above, was called in evidence by Salter). The more remote origin of the book, we read, lay in 'a course of Lectures originally delivered, under the title of Justice and Wages, in 1913' (p.5) but, unlike Salter and Lindsay, Joseph does not say (or deny) that these lectures were given in an extra-mural setting. He does, however, give clear and repeated expression to his understanding of the 'justified resentment' of the 'labouring classes.' (p.5) In the context of referring to Mr. Philip Snowden, to Labour Party and Miners' Federation conferences, to H.M. Hyndman and to Lenin, Joseph himself writes that, 'No thinking person would approve the gross inequalities in the present distribution of wealth; and a rule of justice in the matter is surely to be desired' (pp. 17-18) adding, soon afterwards, that 'the evil of those inequalities … is gross and glaring.' (pp. 20-21) Joseph returns to such judgements in his closing Chapter VII, Some Morals and a Conclusion; 'If then we condemn this [free market] mode of determining economic value' it is for the fault that 'it makes some very rich, and others very poor.' (p.166) Joseph's criticism is not solely 'distributivist', however, for he also writes that, 'The two great evils of the industrial system today are, that incomes are so terribly unequal, and that so many feel their lives are spent in ways they have no share in controlling'. (p.170) And he goes on immediately to suggest that under Communism 'the second evil mentioned will be intensified rather than removed' (p.170), adding in a footnote that, 'The truth of this seems to have been illustrated in Russia under the Bolshevist rule.' (p.170, n.1) (See also pp. 167, 169, 171, 173 for criticism of the prevailing market system.) It seems tolerably clear, then, that if Joseph is highly critical of Marx's labour theory of value – as indeed he is – his critical assessment cannot plausibly be attributed to any desire on his part to 'apologize' for the capitalist economic system of his day. And indeed any such desire would have been quite out of character for Joseph, according to Lord Robbins (1971, p.114): 'The Labour Theory of Value in Karl Marx, in itself something of an intellectual tour de force for a non-economist, was written, as with characteristic candour he confesses in his preface, in complete ignorance of Böhm-Bawerk's famous polemic, whose arguments it substantially duplicates. [In fact Robbins nods here; Joseph's 'confession' was made not in his preface but at p.79, n.1] … to know Joseph was to respect him, both for intellect and for character, and to know him at all well was to become aware of a sensitive, kindly spirit concealed behind the somewhat severe exterior.'

In Chapter I, Introduction, after making some brief remarks on the theory of value in Locke (pp. 8-9), Adam Smith (p.9) and Aristotle (p.9, n.1: 'Aristotle … finds in demand or need the real source of exchange-value'), Joseph turns in greater detail to Ricardo. He takes Ricardo to attach 'two conditions to the doctrine that the exchangeable value of commodities depends on the quantity of labour expended on them; the supply must be capable of being increased by labour, and competition must operate without restraint on the production of them.' (p.10) He notes too that Ricardo attended explicitly (in his Chapter I, section ii) to the different qualities of labour: Joseph concludes that, 'It might be shown that there is a sense in which, when full force is given to these conditions and qualifications, the exchangeable value of commodities is roughly measurable by the labour required for producing them.' (p.11) However, 'McCulloch makes more sweeping statements, forgetting Ricardo's conditions and qualifications.' (p.11) After quoting, with approval, some of the arguments of Richard Whately and of Nassau Senior against any labour theory of value (pp. 11-13), Joseph affirms that 'Marx never really met the criticisms thus urged against the doctrine which he accepted and developed.' (p.13) Rather, in Joseph's interpretation, Marx took over Ricardo's labour theory of value and denied that there was anything 'just' about the 'natural wage' supposed in Ricardo's theory. For Marx, the labourer 'ought' to be paid according to his labour performed and not merely according to the labour required to produce the commodities needed to ‘maintain the labourer and his family.’ (pp. 13-15) However, like Whately and Senior before him, ‘since Marx wrote, “orthodox” economists have been generally agreed in rejecting’ the labour-theory of value. (p.15; at p.15, n.1. Salter (1921) is said, by implication, to be the work of an ‘orthodox’ economist.)

After insisting that ‘Marx’s theory is definitely false’ (p.18; it had already been described as ‘fundamentally false’ on p.5), Joseph presents a ‘brief sketch of the argument’ to be set out in Chapters II to VII. We shall not consider this brief (ten page!) sketch (pp. 18-28) here but merely refer back to it when it is helpful to do so.

Chapter II, ‘Statement of Marx’s Theory of Value,’ is – as the title suggests – primarily expository, although a number of critical remarks are introduced even here, largely in footnotes. As Joseph explains in his ‘brief statement’ of Chapter I, he takes Marx’s theory to have four essential features. ‘1. The value of anything is held to be something inherent in it as a result of labour spent on it, and is quite distinct from its utility.’ (p.21) ‘2. But this labour is not the familiar labour of smith or ploughman … It is “homogeneous simple labour”, “human labour in the abstract.” [Moreover] it is the “socially necessary” amount.’ (p.21) The third essential feature is that the labour value of commodities decreases over time, so that ‘the amount of goods … which will be the true or just equivalent of a day’s labour’ increases. (pp.21-22) ‘4. But the amount of goods needed to sustain the labourer is determined physiologically, and does not thus increase.’ Hence the capitalist employer has the power to extract ‘surplus labour; and the value of this, surplus value. This is the capitalist’s profit.’ (p.22) (It will, of course, be noted that Joseph here refers to a physiological basis for real wages and in Chapter II he indeed asserts that, ‘Marx believed in the so-called “iron law of wages”, in accordance with which there is a constant tendency under capitalism for wages to sink to the bare subsistence-level.' (p.44) It would seem that Joseph's usually careful reading of the text deserted him in this respect.)

Rather than follow Joseph's Chapter II elaboration of his 'brief statement', we may simply call attention to some of the marginal critical remarks made in this chapter. For example, after quoting Marx to the effect that, 'As values, commodities are only definite masses of congealed labour-time' (p.36), Joseph remarks that 'This is of course not really consistent with the admission that nothing has value in exchange unless it is in some way useful.' (p.36, n.1) Again, Joseph appends to a long quotation from Marx, to the effect that it is the abstract labour and not 'the special nature of the [concrete] labour which confers value' (p.37, Joseph's words), the following observation. 'Note that in this passage Marx tacitly assumes (he says that we see) what is really the thing to be proved, viz. that there are equal values added to commodities of different kinds by labours of different kinds equal in duration.' (p.37, n.2) At (p.38, n.2) we are told that 'the notion of human labour in the abstract is fundamentally unsound' and referred forward to Chapter IV. And at (p.42, n.1) we read that, 'It is essential for Marx's argument to show that the reduction [of skilled to simple labour] can be made without considering the prices of the commodities; but he cannot show it.'

Joseph concludes Chapter II by drawing attention to 'two important consequences' (p.49) of Marx's labour theory, consequences to which detailed attention will be given in Chapter III. 'First, a capitalist ought not to be indifferent whether he economizes in his wages-bill or in his other expenditure', for to reduce the wages-bill, at a constant rate of surplus-value, will (according to the theory) reduce his profits. 'Yet we find capitalists quite ready thus to economize on wages without cutting rates, and without necessarily diminishing their other expenditure.' (p.49)

‘The other consequence [of the theory] is this, that … a capitalist should prefer a business in which his chief expenditure is on wages to one in which it is on plant and materials. But this is notoriously not so in fact’ (p.50)

The long title of Chapter III, <u>The Inconsistency between the Consequences of Marx’s Theory and Fact</u>, refers directly to the ‘two consequences’ emphasized at the end of Chapter II. Joseph deals first with the ‘fact’ that the rate of profit tends to uniformity among sectors of the economy and that, correspondingly, prices are not proportional to labour values. It is clearly recognized that Marx both ‘admitted’ this fact and, indeed, ‘offers an explanation’ (p.52) but, as we shall see, that explanation is judged to be entirely inadequate. Joseph indeed announced Samuelson’s well-known ‘eraser’ interpretation of the ‘transformation problem’, of 1971, already in 1923: ‘It is obvious that a value, as understood by Marx, cannot really be <u>transformed</u> into a price of production; and it must be meant that for a determination of exchange-relations by values is <u>substituted</u> their determination by prices of production.’ (p.56)

We shall not follow in detail Joseph’s rejection of any idea of a ‘historical transition’ from exchange at values to that at prices of production (pp.56-65) but it may be of interest to note two of his points concerning any alleged early stage of exchange at value. First, whilst agreeing that ‘<u>if</u> two men think their labours of equal value, they will exchange equal amounts of them as embodied in what they make or do’, Joseph insists that, ‘This is very far from showing that all commodities, in a pre-capitalistic age, will exchange according to the amounts of labour embodied in them.’ (p.59) For why should any two men doing different things value equally their respective labour hours? (See also p.63) This then leads Joseph, secondly, to the claim that a ‘reduction problem’ would be involved even in the putative ‘early’ stage. ‘By what means shall we determine how many hours of the simple labour of a faggotmaker are contained in one hour of a joiner's or a cabinet-maker's labour?' Only, he suggests, by reference to the prices of faggots and, say, cabinets – which would render any 'prices are proportional to values' proposition merely circular. (p.64)

We shall not follow any more closely Joseph's long and convoluted discussion (pp. 65-77) of Marx on the 'averaging' of profit rates both in an industry and in the entire economy, and on the concept of 'market value', noting only Joseph's conclusion that, with his 'averaging' arguments, 'Marx has wholly failed to remove the objection to his theory raised by either of the two apparent discrepancies … between it and facts, viz. that the rates of profit in different industries do not vary with the proportion of the wages-bill to other costs, and that a capitalist economizing on his wages-bill … finds nevertheless that his profit is thereby increased.' (p.77) Joseph then pursues the latter point somewhat further, noting that 'Marx admits that an individual capitalist may increase his profit by reducing the labour, and therefore the surplus-labour, in his business.' (p.79) How then can profit be merely 'transformed' surplus value? Joseph then resumes the theme (pp.81-2) that 'Marx does not appear to understand the proper limits to the use of the appeal to averages.' (p.81)

As noted above, Joseph devotes his entire Chapter IV, Homogeneous Human Labour, to the question of how the multifarious concrete forms of human labour might be 'reduced' to homogeneity, to the problem, that is, of abstract labour. In his judgement, while the 'difficulties involved in making the labour which confers value on an article the socially necessary labour are great', nevertheless 'those which beset the conception of homogeneous human labour are greater.' (p.86) Joseph's objections to Marx's way(s) of handling these matters is threefold: 'In his endeavour to support this conception [of homogeneous labour] Marx argues in a circle; he makes an appeal to facts which the facts reject; and the reduction of the different kinds of specific labour to homogeneous human labour is vicious in principle.' (pp. 86-87)

The circularity objection (already hinted at on p.64) is that 'if Marx's theory is to work, we must reduce heterogeneous labour to terms of homogeneous simple labour before prices are settled. But in fact the equation and reduction are made through the prices of the commodities into which the different labours enter. And this Marx himself acknowledges in another context.' (p.87) Joseph then provides a long quotation from Capital, I, reading in part (in Joseph's added italics), 'whenever by an 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.' (p.88) 'Now … the words italicized in the quotation indeed actually say, that the reduction of heterogeneous to terms of homogeneous labour is effected through the exchange – relations of the products.' (p.90) But how do we know that commodities of, say, equal price embody equal amounts of homogeneous labour? We do not, insists Joseph, it is merely an assumption; we have no independent basis for relating equality of price and equality of homogeneous labour times and we are merely going around a circle of assumptions, actually establishing nothing. (pp.90-92; a more favourable interpretation might be that quantities of homogeneous labour are defined by this otherwise circular procedure)

Joseph then turns to a second way in which Marx seeks to tackle the reduction problem, this time appealing to certain 'facts.' Setting aside here Joseph's remarks on the (lack of) analogy between Robinson Crusoe's labour and the labour of a society (pp.92-93) – even if we cannot resist quoting his remark that 'a surgeon charges fees according to the difficulty rather than the length of an operation, and an Alpine guide according to the danger of an ascent' (p.93) – we must still consider his response to the idea that differential wages can be explained in terms of training costs. This 'at first sight seems a more promising suggestion for determining the equivalence [of lesser quantities of skilled to greater quantities of unskilled labour]', Joseph suggests. (p.93) But it does not explain the observed facts. While the varied costs of acquiring different skills are certainly relevant to the explanation of wage differentials, they are 'far from explaining the whole difference between the rates at which different kinds of labour are paid.' (p.94) For if they were the full and sufficient explanation then (1) self-employed workers would all receive the same net income per hour and (2) capitalist employees would all receive the going subsistence wage, net of their training costs, whatever their skills. 'Now plainly neither of these things occurs… Here again the facts fail to bear out Marx's appeal to them.' (pp. 94-95)

Joseph's third objection reminds us that he is a philosopher first and an economist only second. The whole 'conception of homogeneous labour is vicious in principle,' he writes, since 'It confuses generic unity with commensurability in terms of a common unit.' (p.96) Thus to measure all concrete labours in terms of some one labour is not to ignore their specific differences; rather is it a way of 'taking account of them.' (p.98) 'The common unit, to terms of which they [specific labours] are to be reduced, is not abstract. The labour, in fact, in which Marx would reckon is the simple but specific labour of some wage-earner receiving, say, 10s. a day; it is no more abstract than the labour of a Royal Academician or a Lord Chancellor.' (p.98) As Joseph also puts it, more graphically, 'If colours differ qualitatively, I cannot state their differences as more or less colour.' (p.99; and similarly with pleasures) All that one can do is to 'find something which is not labour at all … various quantities of which are causally or at least regularly connected with the qualitative differences of the labours.' (p.99) However, it is not clear what this common 'something' might be –

‘Unless indeed – if the suspicion may be breathed – the common unit be the dollar or the pound sterling.’ (p.100) But then we would be using prices to establish a ‘quantitive relation between labours of different kinds’, whereas Marx professes to do just the opposite. (p.100)

Joseph’s Chapter V, The Individual Relativity of Value, begins with a reference to the error of supposing that no choice is possible between heterogeneous things, ‘an error … of some general philosophic interest.’ (p.101) The chapter again reminds us that Joseph is primarily a philosopher and we shall focus here only on those aspects of his argument most directly related to Marx’s theory of value. For Joseph, ‘exchanging is only a case of preferring’ (p.102) and a commodity may be preferred (or not) to, say, love or honour, neither of which contains any labour. It is indeed ‘remarkable that Marx should have considered the being products of labour to be the only common property [of commodities]. For it is equally left, that they are of some use’, that they satisfy ‘some want.’ (p.107) Like Wicksteed, Knies and Böhm-Bawerk before him, Joseph thus rejects Marx’s very starting point in his analysis of the nature of commodities. For Joseph, ‘Marx throughout takes too little account of the influence of want, or of men’s desires’ (p.108) and we cannot in fact explain value if we abstract from the usefulness, the want-satisfying properties of commodities. (pp. 108-9) There is in fact no common element in things; ‘Being wanted gives them value; and a common relation to money makes them commensurable.’ (p.111) That is all. Joseph nevertheless goes on to consider in Chapter VI, The Illusion of Absolute Value, suggesting both economic and moral reasons for the persistence of that illusion. And in the course of his concluding Chapter VII, Some Morals and a Conclusion, he reverts to the theme of Chapter V, writing that, ‘Labour itself, we found, only had value for the same reason as commodities, viz. because it is wanted, whether for its direct services or as necessary to the production of commodities.' (p.148)

VI. A. D. LINDSAY

As was noted above, Lindsay's 1925 work, Karl Marx's Capital. An Introductory Essay, is of wider scope than Joseph's volume – and perhaps for this reason is somewhat more sympathetic in tone towards Marx, at least in general terms. This does not inhibit Lindsay from writing at once in his Preface that: 'Though I differ widely from Mr. H.W.B. Joseph, I have been greatly helped by his demonstration in Karl Marx's Theory of Value of the indefensibility of doctrines often ascribed to Marx.' On the one hand, Joseph's argument is said to amount to 'demonstration,' while on the other it is said to apply to doctrines 'often ascribed' to Marx, leaving open the question whether they are properly so ascribed. Work by Beer, by Portus and by Halévy is also said to have been influential for Lindsay. (For Lindsay and Marxism more generally, see Ulam, 1951; for Lindsay's life, see Scott, 1971).

In a manner reminiscent of Salter's Preface, Lindsay's too refers to the origin of the book in extra-mural lectures; in Lindsay's case, lectures to 'Glasgow audiences meeting under the auspices of the Independent Labour Party and the Workers' Educational Association.' And the Introduction is certainly friendly, not hostile, towards Marx. Thus, 'Marx's Capital is obviously a book of historical importance, and any one who reads it impartially will find it greater and far more illuminating than most critics of Marx would like us, or most Marxian writers allow us to believe'. (p.9) Lindsay is dismissive of both those who write as if Capital contained nothing but muddle and inconsistencies and those who 'seem to have given up belief in the verbal inspiration of scripture for the belief in the verbal inspiration of Capital.' (p.9)

That there are inconsistencies, Lindsay accepts – but notes that Marx 'was not only a scholar; he was also a prophet … an extremely effective pamphleteer' and a 'revolutionary in action', so that inconsistencies are only to be expected – and discounted. (p.10)

For Lindsay, Marx was 'an original thinker' who managed to put together two 'whole systems of thought'; the Hegelian or collectivist system with its historical method and the Utilitarian or individualist system with its analytical method (and, in particular, its remarkable product, the Classical – and especially Ricardian – political economy). Marx 'was an original thinker, whose originality and whose defects we can better understand when we see what he derived from each of these two schools.' (p.11) Lindsay pursues this course by devoting his Chapter I to Marx and Hegel, Chapter II to Economic Determinism and, finally, Chapter V to Marx and Rousseau. Here, however, we must confine our attention to Chapters III and IV, which deal directly with Marx's theory of value and of surplus value.

Lindsay's Chapter III, The Labour Theory of Value, opens with the declaration that, 'The present position of Marx's theory of value is very curious and unsatisfactory. The theory is regarded by many Socialists as the keystone of Marxianism, but it is also regarded by many other Socialists [Laski and Beer are called in evidence, I.S.] as well as by most, if not all, so-called academic economists as an out-of-date and indefensible doctrine.' (p.53) Lindsay's suggested explanation of this state of affairs is that while the disputants 'seem to be giving different answers to the same questions, they are really answering different questions without having made this clear to one another or even to themselves.' (p.55) For Lindsay, both the 'critics and often even its defenders concentrate their attention, not on [Marx's] special contribution [to the labour theory of value], but on the views which he shared with the individualist economists [such as Ricardo].' (p.55) More specifically, 'the misunderstanding between the opponents and the defenders of the Marxian theory of value arises from the assumption common to both sides that the Marxian theory of surplus value and his teaching of the effect of the buying of labour power depends on the labour theory of value.' (p.56) Lindsay rejects this 'common assumption' and proposes to devote his next chapter to showing that 'Marx's theory of surplus value can certainly be stated in a form which is independent of the general theory of value [and which] has a truth and importance of its own.' (pp. 56-57) Meanwhile, Chapter III examines 'the labour theory of value which is held in common by the individualists and by Marx.' (p.57)

Lindsay sees the labour theory of value as 'primarily a theory of natural right' (p.60), concerned at least as much with justified commodity-exchange ratios in a well-organized society, as with the explanation of actual natural value/real cost/value. In so far as it does deal with the latter, it 'has two obvious defects – its disregard of monopoly and its inadequate treatment of demand.' (p.64) Whilst the former 'defect' is perfectly defensible on procedural, theoretical grounds (pp. 63-64), the latter 'is perhaps the most striking defect in the theory.' (p.64; see further below)

In Lindsay's reading, 'the labour theory of value is a weapon which Marx takes from the individualist economists to turn against them. He is intent to show that capitalism is condemned by the very principle, the labour theory of value, by which these economists had sought to defend it.' (p.67) In particular, Lindsay refers to 'the first six chapters, which are more than any other part of Capital taken over from the individualist theory' and cites at length (from the end of Capital, I, chapter 6, just before Marx introduces surplus-value, the labour process, etc.) the famous purple passage beginning with Marx's reference to 'a very Eden of the innate rights of man.

There alone rule Freedom, Equality, Property, and Bentham.' (p.67) By contrast, 'Marx's distinctive doctrine begins with his account of the buying and selling of labour power.' (p.69) First, however, Lindsay considers Marx's version of what he has in common with other labour value theorists.

For Marx, Lindsay insists, 'the labour which creates value … must be socially necessary labour … value is a social product … the amount of the value determined by labour depends upon the social relations of that labour, and … these relations can and do change after the labour has been performed … Intrinsic exchange value is for Marx the value which a commodity would have in a properly organized society where labour was performing its proper function.' (p.71) But this broadly sympathetic account leads on to familiar criticisms. First, there is the problem of reducing skilled to unskilled labour time; and 'if you ask how many units of unskilled labour are represented in one unit of skilled labour, the answer is that it is discovered in the act of exchange … You first, so to say, look up the answer at the end of the book, and then cook the sum to fit.' (pp. 74-75) Secondly, à la Wicksteed, Knies and Böhm-Bawerk, commodities have in common the property of 'being wanted,' even if the specific wants involved may be abstracted from. (p.75)

Where Marx's 'exposition of the general labour theory differs from that of his individualist predecessors' is in his insistence 'that value is a social product and comes into being only as a result of all the processes necessary to the production of wealth in society.' (pp.75-76) However, 'the more Marx insists on the social nature of value … the more elusive and ambiguous becomes … the notion of the quantity of labour embodied in a commodity.' (p.76; quite a sting in the tail!) Even more pointedly, perhaps, Lindsay writes that: 'If labour is to be socially necessary … the labourer … must meet and even anticipate rightly the demands of others. Skill in anticipating demand should then be regarded equally with hard work and technical skill as a factor in producing value … The conception of social necessity therefore transforms the labour theory of value into something not unlike the ordinary theory of the interplay of supply and demand.' (p.79) This might seem to come close to saying that Marx's improvement to the general labour theory of value, encapsulated in his 'socially necessary' concept of labour time, in effect destroyed that theory!

Lindsay's Chapter IV, 'Marx's account of Surplus Value and of the Collective Labourer', falls in effect into two parts, with pages 81-95 devoted to the surplus value theory and pages 95-108 concerned with Lindsay's interpretation of Marx on 'the collective labourer.' It opens, however, with remarks relating to both aspects: 'for [Marx] a theory of value, if it is to have any real application to existing society, must take into account the social relations involved in production … His attack on the individualists' defence of capitalism is his account of surplus value and its exploitation by the buying of labour power. His more positive teaching is found in his account of "the collective labourer".' (p.81)

Lindsay endorses the claim made by 'Engels, in his preface to the second volume of Capital … that the originality of Marx lay in his discovery … of the fact that "the transformation of money into capital is based on the purchase and sale of labour power".' (pp.81-2) But how 'are we to know whether the wage earners produce more than the value of their wages? The answer, according to Marx, is easy … All capitalist profit is exploitation, for it cannot be anything else. This simple and sweeping doctrine is indefensible. It depends on Marx's view that exchange creates no value, and that can be shown from Marx's own admissions to be unsound.' (p.89) Only socially necessary labour determines exchange value, for Marx, and his own examples 'show that social necessity depends partly upon the skill with which demand is anticipated … When this skill of anticipating demand, instead of being exercised by the actual producer, is specialized in by someone who does nothing else, it does not, as Marx admits, lose its essential character … We should expect Marx to say that both [the labourer working with his hands and the merchant who now specializes in anticipating demand] aid in creating value, the value coming into being by their joint efforts. He [however] insists that the activities of the merchant create no value.' (pp.90-1)

By contrast with the many commentators who ignore Volume II of Capital, Lindsay turns precisely there for his evidence that Marx 'is well aware that society cannot do without buying and selling, and that in a complicated society less value would be created if there were not people engaged in nothing but buying and selling.' (p.92) He concludes that 'if Marx had realized earlier that buying and selling "promotes the realization of value" … his argument that profit is only possible by exploitation would have gone.' (pp. 92-3) In effect, then, 'in the second volume [Marx] gives up the notion that getting a share of surplus value involves exploitation, and acknowledges that the merchant may be necessary in the "realization" of value.' (p.94)

Lindsay introduces his discussion of the collective labourer by writing that Marx's 'main discovery was that value was a social product, and that in that social product the social relations involved in production are as important as, but essentially different from, the social relations involved in exchange.' (p.95) After quoting Marx at great length (pp. 96-7), Lindsay himself insists that 'the prevailing economic unit has now become the collective labourer with hundreds or thousands of individual members.' (p.98) But this means, he goes on to say, that 'scientific inventiveness and gifts of organization have had far more to do with the increase of wealth than have the efforts of manual labourers … in modern industry the success or failure of the organizer is more decisive than the merits or defects of the individual labourer. The organizing and the inventing members of the collective labourer matter most in the production of wealth. A business can afford to have one or two bad workmen; it cannot afford to have one bad manager.' (p.99) Now this imports a 'new meaning … to Marx's doctrine that value is a social product.' (p.101) 'No doubt the individual's entry into the collective labourer may be a free contract, but once he is inside the position is entirely different. For he becomes a member of an organization … which involves centralized control and discipline. Bargaining stops and has got to stop inside the factory gates. [With the Industrial Revolution] the organization, discipline, and control of men became an essential of efficient production.' (pp.102-3) Hence, 'under capitalism, production has become inextricably involved with government … in factory production government is inevitable.' (p.105)

This has 'implications for the labour theory of value.' (p.105) For 'if production is really social, if "collective labourer" is not a mere phrase, one factor in production is just the association itself.' Consequently, 'some of the value produced is produced by the association, not by its separate members, and the attempt to represent the price of the commodity as an amount of separate values created by the labour of the separate individuals concerned must break down.' (pp.106-7) Lindsay's conclusion is blunt: 'The labour theory of value and Marx's doctrine that value is a social product are not really consistent with one another. Once the latter doctrine is taken seriously, the assumptions essential for the former no longer hold.' (p.107)

VII. THEMATIC CONCLUSION

Whilst it would serve little useful purpose to offer an author-by-author summary of what has been recounted above of the five works considered, it might still be of interest to draw together some of the themes, concerning Marx's theory of value, that those works, taken together, brought to the attention of their readers some 75 to 80 years ago. We shall, of course, focus on the more central of those themes and not attempt to recall each and every twist of argument presented by our five authors.

At least three of our five authors appear to judge that the labour theory of value was not really fundamental to Marx's thought as a whole. For Scott, even if the transformation problem was a 'point of the greatest importance' for Marx's economics, it was not so for Marx's overall teaching; he suggests that Marx's economics be jettisoned in the interest of the latter! Salter insists that the theory of value was not the cornerstone even of Marx's economics; and Lindsay implicitly agrees by saying both that Marx's great originality lay in the concept of labour-power and that his theory of surplus value and of the effects of the purchasing of labour power do not depend on the labour theory of value. There is less accord, however, over the (non-) normative status of the labour theory. For Scott it is a strictly non-normative theory (even if it supports the ethically freighted theory of surplus value), while for Joseph the labour theory of value entails that the labourer 'ought' to be paid according to the labour done and Lindsay takes it to be a natural rights theory justifying particular commodity ratios of exchange. Consensus reappears in so far as both Scott and Salter object to Marx's 'method', describing it as scholastic (in the pejorative sense) and as involving page after page of hypothesis and deduction without any indication of how the conclusions might ever be tested.

Our five authors are at one concerning Marx's (non-) treatment of 'utility' and of 'demand'. Why is the possession of (some) use-value – the property of being wanted – not a common property shared by all products of labour? And, Salter adds, is it not indeed a more widely shared property of things exchanged than is the 'being-a-product-of-labour' property (air, virgin soil, untapped oil wells, etc.)? They all complain of Marx's relative neglect of demand considerations, Lindsay even taking this to be 'the most striking defect' of Marx's value theory. (Salter notes the relevance of joint costs in this connection.)

Turning now to problems 'internal' to Marx's theory of value, we recall that none of our authors is convinced by Marx's attempts to give a clear meaning to his central concept of socially necessary labour. (Salter, indeed, argues that Marx gives inconsistent definitions relating to average, minimum and maximum labour cost.) They are no more impressed by Marx's success in tackling the problems of reducing skilled to unskilled labour and of providing a clear account of the amount of 'abstract' labour embodied in a commodity. Joseph allows that there is some merit in the 'training costs' approach to skilled labour and its wage but still denies that it solves the 'reduction' problem. In the end, both Salter and Joseph either strongly hint or state outright that the reduction of skilled to unskilled labour and the homogenization of labour to abstract labour can only be effected through the use of given wage rates and/or the prices of produced commodities.

As for what is now known as the transformation problem, each author takes Marx to have failed completely in his attempt to resolve it. For Salter, Marx in Volume III effectively presents a conventional, classical cost of production theory and Joseph pronounces proleptically the 'eraser' solution to the problem. Both Scott and Salter dismiss as meaningless Marx's claim that total price equals total value.

On a broader front, we have already noted our authors' repeated complaint that Marx paid inadequate attention to demand. Lindsay, more specifically, argues that 'skill in anticipating demand [is] a factor in producing value' and in influencing what is socially necessary labour. This, of course, has far reaching implications for the labour theory of value. More generally, Nicholson, Salter and Lindsay all insist that Marx underestimated the significance of commerce and its services, of entrepreneurial skills and of non-routine organizational ability. Scientific inventiveness, intellectual labour and the skills needed in the innovation of new methods and new industries are all taken to be both central to capitalism and downplayed by Marx. Correspondingly, both Salter and Lindsay emphasize the importance of labour as organized by the capitalist, of the collective labourer; and Lindsay thus draws the dramatic conclusion that the labour theory of value is incompatible with Marx's concept of value as a social product.

While our five authors differed very considerably in their overall sympathy for or hostility towards Marx as a social thinker, they were unanimous in dismissing his theory of value

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