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

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

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

Quality and quantity
• Marx and the neoclassists: the common ground
• “Bottom up”: from production to distribution

The Neo-Marxist revision
• Power without value
• Time to rethink capital
Circulation

Simple circulation: the reproduction of the worker

\[ C \rightarrow M \rightarrow C \]

Expanded circulation: capital accumulation

\[ M \rightarrow C \rightarrow M+\Delta M \]

Enters production:

\[ M \rightarrow C \rightarrow Production \rightarrow C \rightarrow M+\Delta M \]

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

\[ M \rightarrow C \rightarrow (c+v) \rightarrow (c+v+s) \rightarrow C \rightarrow M+\Delta M \]

Historical Stages and “Fractions of Capital”

Sheer force: money capital

\[ M \rightarrow M+\Delta M \]

Commercial: arbitrage capital and the “extensive” empires

\[ M \rightarrow C \rightarrow M+\Delta M \]

Productive: industrial capital and the “intensive” empires

\[ M \rightarrow C \rightarrow Production \rightarrow C \rightarrow M+\Delta M \]
The Transformation Problem: From Values to Prices of Production

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

\[
c + v + s = M + \Delta M
\]

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

\[
\pi = \frac{\Delta M}{M}
\]

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

\[
\pi = \frac{s}{c + v}
\]

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

\[
\varepsilon = \frac{s}{v}
\]

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

\[
\theta = \frac{c}{v}
\]

Divide the numerator and denominator of the rate of profit equation by \(v\):

\[
\pi = \frac{\frac{s}{v}}{\frac{c}{v} + 1}
\]

\[
\pi = \frac{\varepsilon}{\theta + 1}
\]

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

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