Third Lecture
Labour Value: Marxist Capital

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

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

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

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

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

Simple circulation: the reproduction of the worker

\[ C \rightarrow M \rightarrow C \]

Expanded circulation: capital accumulation

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

Enters production:

\[ M \rightarrow C \rightarrow \text{Production} \rightarrow C \rightarrow M+\Delta M \]

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

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

Historical Stages and “Fractions of Capital”

Sheer force: money capital

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

Commercial: arbitrage capital and the “extensive” empires

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

Productive: industrial capital and the “intensive” empires

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

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

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

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

\[
\pi = \Delta M / M
\]

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

\[
\pi = s / (c + v)
\]

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

\[
\varepsilon = s / v
\]

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

\[
\theta = c / v
\]

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

\[
\pi = (s / v) / (c / v + 1)
\]

\[
\pi = (\varepsilon) / (\theta + 1)
\]

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

Labour Process ➔ Commodity (Labour Value) ➔ Price

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