MARX, VALUE AND CLASS

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Abstract

This paper studies the relation between Marx's theory of value and his theory of class. *Capital* is as much about classes as about the 'economy' considered in isolation from its human subjects. As such, *Capital* is also a work about distribution. This view of *Capital,* especially Volume III, allows us to understand better the deep connection between Marx's economic theories and his social, political and cultural analyses.

Although Volume I of capital is the most studied, it is in Volume III that the full breadth and power of Marx's treatment of value becomes apparent, when it sits side by side with his treatment of merchants, landlords, entrepreneurs, managers, and financiers.

A class, for Marx, is defined by property, already identifying a basic difference between Marx's approach and that of modern social theory for whom classes are defined in terms of income or status. Property, for Marx, is a form of property that generates a specific type of revenue.

The connection to value is straightforward: it is the 'true' form of revenue. The revenue of classes arrives in their pockets, in capitalist society, in the form of money, but money does not adequately measure what is received, since prices can rise or fall quite arbitrarily, and some idea of 'what money buys' is needed. Nor does the vexed notion of 'physical quantity' for the basis for an adequate theory of distribution 'Real price' is just one such concept: Marx's is another. It will be presented, comparatively, in this way.

Neoclassical economics supposes that the capitalist, like the worker, supplies a 'factor of production' – in this case, capital. Profit is then simply the 'price' of this factor. The neoclassical concept of production takes off from this fiction, so that landlords are presented as supplying the 'factor' of land, bankers supply the 'factor' of money capital, and are respectively rewarded with rent and interest, the price of these services.

For Marx, class revenue is an entitlement, conferred on a property owner by the rights which society grants particular types of owner. As such, it is the site of political struggle. Ricardo, in recognising labour as the sole source of value, laid the theoretical basis for a further phase of class struggle by providing the framework within which the 'Ricardian Socialists' such as Hodgskin could advance the claim that labour alone was entitled to dispose of the fruit of its work. But since, in order to apply his theory of rent, he conceived of the product itself as a physical quantity of the fruits of the earth, his successors were not able, as Marx was, to exhibit revenues as parts of an abstractly homogeneous product whose substance was labour.

Marx's value concept is therefore far from a simple evolution of the ideas of Smith or Ricardo. The key is the formation of a general profit rate: Profit is a 'pool' whose magnitude is equal to the size of surplus value, which is then distributed to the various property-owners by economic mechanisms specific to the form of their property. This reveals the purpose in Marx's value theory absent from 'pure economic' presentations, as the foundation of a theory of class and distribution.

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