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Marx's Value Theory and the Transformation Problem Revised – Commenting on Fred Moseley's Macro Monetary Interpretation

In response to our CFP, Pofessor Fred Moseley proposed me to think of possibility to have a session or two on 'A Dialog on Marx's Value Theory and the Transformation Problem'. I consulted with Sousuke Morimoto, Ryuji Sasaki, Kouhei Saitoh and Nobuyuki Yoshimura to cooperate with this idea. I hope that our international academic cooperation to submit our project of papers is in accord with the aim of the symposium and favorably accepted by the organizing committee.)

Marx's Value Theory and the Transformation Problem Revisited – Commenting on Fred Moseley's Macro Monetary Interpretation –

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Starting with commenting on Moseley's macro monetary interpretation of the transformation problem, this paper reconsiders basic theoretical significance of Marx's value theory and the transformation problem by presenting some theoretical issues further to be discussed in our international cooperation. It plans to form three sections as follows.

(1) Comments on Moseley's interpretation.

Moseley's recent book, Money and Totality: A Macro-Monetary Interpretation of Marx's Logic in Capital and the End of the 'transformation Problem' (2016, Haymarket Books, Chicago, IL.) is an important work. It summarizes a stream of thoughts among the western Marxian value theorists such as the new interpretation or temporal single system interpretation (TSSI) of the transformation problem in a certain way and tries to show logically consistent understanding on Marx's theory of prices of production in relation with more basic theories of value and surplus-value.

My own approach to the transformation problem upon the ground of K. Uno's contributions to value theory already contained similar views to underline ① the role of monetary prices as a consistent form of value between the first volume and the third volume of Marx's Capital, ② dimensional distinction of main theoretical theme between those volumes, and yet ③ these volumes concerns a single or the same social system, not different two social conditions, and ④ Marx's aggregate two propositions on the relations between values and prices of production can be well interpreted correct in their essence.

Despite of these similarities commonalities there yet remain some issues for us to clarify. ① What is the fundamental notion of value? Is it long-run equilibrium price as a form of value? Or is it labor-time embodied in a commodity as the substance of value? Or it is a concept signifying social relations between the form and the substance (namely prices and labor-time behind prices)? ② Is equal exchange of labor-time really conceivable in a single system interpretation consistently with the actual prices of production? Under what conditions can such value-prices be demonstrated with certain actuality? ③ What to think about the capitalist mechanism to equalize profit rare among different industries in case of gold industry under the gold standard system? How to think the capitalist economic system to regulate general price level as a result of law of value? ④ How can we theoretically assume homogeneity of abstract human labor in defining MELT in the actual societies including complex labor? Either in Rubinite approach to depend on the market or in Hilferding-Okishio appoarch or what else?

(2) The law of value and prices of production in relation with the gold industry. It is interesting to find that the theoretical treatment of Marx's value theory and the transformation problem in either traditional standard interpretation or single system approach including Moseley treated money as a key linkage between the basic values and prices of production in each way. In the standard interpretation, typical solution such as presented by Bortkiewicz and Sweezy used to assume that technical conditions to determine labor-time to produce a unit of gold as money commodity is given in deducing prices of production from the labor-time embodied in commodities.

By refusing such an approach, Moseley and new interpretation to define MELT seems to have difficulty to explicate how the capitalist law of value regulate the general price level under the classic model of gold standard. As he assumes that all the extra profit (or surplus value) in the gold industry above the general rate of profit is turned into ground rent and would not be shared with other industries in the process of capitalist competition. Does not such extra profit in the gold industry promote to open less productive gold mines so as to increase supply of money commodity, causing inflationary effect?

On the other hand, we need to reconsider also why much increased supply of inconvertible currency in contemporary capitalist economies does not easily recover from deflationary spiral so long.

(3) Toward an egalitarian view of labor theory of value.

In my view Moseley's macro monetary interpretation in combination of MELT is a useful framework approximately to read national economic calculation data from Marxian labor theory of value, as I tried to exemplify Japanese macro-economic data in my text-book (1989). Its revised version calculates MELT or average Japanese net national income per an hour in 1994 is 4230 yen, since total net national income of 423 trillion yen is produced by about 100 billion total labor-time (assuming that Japanese economic life is supported by about 50 million workers expending 2000 hours a year in average). As the average employee income is 4.84 million yen while they produce 8.46 million yen in average, the average rate of surplus-vale is supposed to be 75% (3.62÷4.82).

In his macro monetary approach, Moseley notes ‘that the unit of socially-necessary labor time is abstract labor, not concrete labor, meaning that the different concrete labors with unequal skills and unequal intensities are assumed to be converted into unskilled labor of average intensity’. Here remains another issue not easy to solve in Marx’s value theory, namely how can we conceive homogeneity of labor-time between skilled or complex workers and simple workers. Examining three different theoretical views presented on this issue, my own more egalitarian interpretation is suggested.

I hope that my suggestion on this issue serves not just to simplify theoretical difficulties in treating the transformation problem on a sounder ground of Marxian labor theory of value but also to strengthen our common desirable paths for 21st century models of social democracy and socialism with more conviction on the theoretical basis of real economic democracy for general working people.