PURE-BLOOD AND MUGGLE
MARXIAN APPROACHES IN THE THEORY
OF VALUE AND PRICE

Tiago Camarinha Lopes

Abstract: This article argues that to make progress in the theory of value and price we must incorporate in the debate of the transformation problem the methodological discussion about how Marxian economics relates to non-Marxian economics. Two alternative approaches to deal with that relationship are presented in a stylized form, called the “pure-blood Marxian approach” and the “muggle Marxian approach.” Two examples of the “muggle Marxian approach,” represented by two of the most influential communists working in the field of academic economics in the West in the 20th century, Piero Sraffa and Oskar Lange, are presented to show the superiority of this approach over the “pure-blood Marxian approach.”

Keywords: value theory; transformation problem; class struggle

The Transformation Problem in the Narrow Sense Is Over

A new round of debate on value and prices began after the publication of Money and Totality by Professor Fred Moseley in 2016 (Moseley 2016). This is so not only because of its content, but mainly because the attitude towards the book is providing a novel opportunity to engage critically with the historical and political context of that controversy.¹

As we know, the value/price controversy reaches back to 1885, when Engels ([1885] 1963) announced the challenge of conciliating the law of value with the average equal rate of profit across sectors. As a matter of fact, the problematic relationship between value and price is a strong feature in Adam Smith’s work. So,
this is a long discussion. Many believe that there is no progress, because there were times when nothing really new happened. However, when we consider the political dimension of the debate in its entire trajectory there were clearly advancements.

In this note, I develop three steps as an attempt to contribute to the critical reception of the latest developments on the theory of value and price. With the spirit of comradeship to open debate and mutual critical support, we have a great opportunity to surpass the paradigm in which we have been stuck since the 1970s.

In order to be clear about which direction we need to go to make progress in the 21st century it is important to (1) depart from the question of the current phase of the debate on the transformation problem. After exploring what this question means based on how Laibman (2021) summarized it, I indicate (2) that a proper answer involves a systematic treatment of the relationship between Marxian and non-Marxian economics. Finally, I argue that (3) the debate on the transformation problem of value into prices must develop into a more methodological discussion about that relationship if we are to proceed to novel terrain.

The core of my argument is that the transformation problem in the narrow sense is over and what remains is the open fight of Marxian economics to conquer and command the mainstream of economic thought in the 21st century, in the same way as other currents (non-Marxian economics) struggle to maintain their influence over it.

So, What Is the Question Now?

According to Laibman (2021), “to make progress, the question must be faced squarely: what does the value dimension […] actually do?” Instead of trying to answer that, I believe it is important to reflect a little about the meaning of this question. If we do not understand what is being requested here, we will fail to work together towards the goal that we, as communists working in the field of economics, share.

After Sraffa’s model was used to solve the quantitative relationship between values and prices, which reinvigorated the critique of redundancy of the labour theory of value, there emerged an awkward question: why do economists need the concept of value, if all information about the economic structure of inputs and outputs is embodied in prices?

Following this line of thought and playing the “advocatus diaboli” in the Marxist discussion” (Kurz 1979), Steedman wrote: “Marx’s value reasoning—hardly a peripheral aspect of his work—must therefore be abandoned, in the interest of developing a coherent materialist theory of capitalism” (Steedman 1977, 207). The main reason for discarding the realm of value is not that it is incoherent/inconsistent/contradictory to the world of empirical prices, but simply because it is unnecessary/useless/redundant.
Since then, we thought that we had to give an analytical justification as to why we embrace Marx’s theory of value. It is as if we had the burden to justify our political option regarding value theory. Even worse: it is as if we had to justify that option based on a neutral analysis detached from the reality of class struggle, which is the most important feature affecting the scientific development of economic thought and its core, value theory. If adherents of the mainstream theory of value since the early 20th century, the utility theory of value, do not have to justify their standpoint to study the reality of empirical prices, why should we?

It is important to notice that the way forward is not to simply ignore that question. Also, it is not productive to respond by explaining that we are members of the working class (or support the political organization of that class), and that the labour theory of value is the adequate ideological instrument to defend our material interests. Ignoring the issue or explaining the relationship between value theory and class struggle would just lead us to an obscurantist sphere in the eyes of an average economist. This would cease any possibility of interaction between Marxian and non-Marxian economics, which is essential as I will defend together with Laibman (2018b) against Moseley (2018).

So, Laibman (2021) is correct when he calls our attention to the question instead of asserting the correct answer right away. Paradoxically, that question derives from the strand to which Laibman shows endorsement, the standard interpretation to the transformation problem, which is one of the main targets of Moseley’s attack. The standard interpretation is the mainstream reading of the controversy. It is a joint of various contributors, including Marxists such as Sweezy, Dobb, Meek, Sraffa, Okishio and Brody, and others (non-Marxists?) such as Bortkiewicz, Seton, Samuelson, Pasinetti, Kurz and Salvadori. Laibman himself adds his own contribution to that constructive sequence, indicating the obvious truth that there is intelligent life after Marx. I agree with that procedure on how to participate in the debate. This kind of approach moves toward a great synthesis, even if it engenders tensions and contradictions that seem untenable at first glance. It moves forward and combines elements from divergent traditions. It integrates novel knowledge that could not be considered in the 19th century and it is hard to disagree that such progression contributed to the expansion of Marxist ideas within economic departments in the West. Accumulation of contradictions at higher levels is the way to go.

However, taking part in the attempt of synthesis is not an easy task. Why? Because all political forces participate in that violent mixture. We must be aware that the enemy is also struggling to shape that combination. Accordingly, when we follow this path, we will not arrive at a pure-blood Marxist framework, but at something novel, that can be consistent with Marx’s work if we manage to adequately fight the enemy. In that sense, the question we are trying to answer
since the Sraffa-shock is dangerous. It is dangerous in the sense that it forces us to leave the safe waters of Marxist political economy to battle on the open ocean against anti-socialist economic theory. This task is necessary, but it is also a complex one. It requires a solid understanding of the relationship between Marxian and non-Marxian economics, due to the various currents of economic thought that struggle to conquer and control the field of economic science.

**Pure-Blood Approach versus Muggle Marxian Approach**

The result of the debate on the transformation problem acknowledges that both the value system (Marxian economics) and the price system (non-Marxian economics) are analytically valid. Consequently, we can compare proposed methodologies on how to deal with that duplicity. Let us simplify by creating only two great categories. The first one defends a pure-blood Marxian approach. Its main argument is to recover Marx’s original writings in order to defend the proletarian science of wealth. The second one argues for a construction that, based on Marx’s work, integrates stuff beyond what Marx has presented himself. It tries to incorporate novel knowledge that, in extreme cases, might even come from self-declared anti-communist, non-Marxian authors.

The “pure-blood Marxian approach” implies that it would be possible to advance through “a more in-depth study of Marx’s texts, especially, texts that have recently been published for the first time, to understand better the overall logical structure of Marx’s theory” (Moseley 2018, 160). Regarding the transformation problem, it is true that a careful reading of Marx’s texts would help to avoid absurd interventions. It seems to me that some participants of that debate along the 20th century were only developing the analytical procedure inaugurated by Bortkiewicz and did not have a solid reading of Marx’s entire work. Some seemed to rely on a superficial summary of Marx’s *Capital*. The debate on the transformation problem has become a self-replicating controversy, where newcomers could present contributions without having to check for themselves the historical origin of the problem. So, to incentivize, a careful study of the original writings must be welcomed. But we must understand that this will not suffice. Above all, we must recognize that many analytical contributions are consistent with Marx’s theory and that their proponents had a correct reading of Marx’s work. For example, I do not think it is reasonable to claim that giants such as Sraffa had a wrong understanding of Marx, or that enemies such as Böhm-Bawerk did not interpret Marx correctly. The value controversy is not a matter of interpretation.

The alternative approach, which we may call “ongoing progressive construction along Marxist lines” (or simply “muggle Marxian approach”) does not discard a careful reading of Marx’s texts. However, it is aware that progress will only be
possible if we incorporate things from the outside, things that are not already present in the system presented by Marx. Indeed, this approach understands clearly that there cannot exist something departed from the non-Marxian world. Marx’s work itself is the product of an intense critical interaction and appropriation of bourgeois theories, in all areas (law, philosophy, political economy . . .). So, what we really should learn from Marx is how to conquer the intellectual production of non-Marxists to increase and expand our system, and not to simply replicate and reproduce what Marx has said or written. We must replicate his methodology, not the content he presented.

Which approach is better suited to push the value controversy forward? In my view, the second one is superior in comparison to the first one. The main reason is that, given the necessity to battle anti-socialist discourse in economics, it represents a broader strategy to deal with both the moments of attack and defence. The pure-blood Marxian approach engenders only a defensive posture, calling authors to gather in the headquarters in order to revise the fundamentals of how we should act. Of course, it is important to think together in a safe environment about the war. However, to alter the reality of economic thinking in the 21st century, we also need to be ready for an offensive. We need to know how to engage with the mainstream, not only of political economy, but of all areas of knowledge. Why? Because what is considered “normal” or “standard” in every branch of science is a result of the ideological struggle of different social classes.

In that sense, the standard interpretation of the transformation problem of values into prices contains both antagonist political forces of capitalist society. Similarly, mainstream economics in general is a combination of these same forces. If this is true, then the development of the controversy on value and price cannot advance just by revising once again the protocol that connects the law of value with the average equal rate of profit, even less if that revision is restricted to Marx’s sacred tables. We must proceed to the methodological debate on how we should behave toward non-Marxian economics.

**Intelligent Life after Marx: The Examples of Piero Sraffa and Oskar Lange**

Is it possible to assimilate non-Marxian economic thinking and develop a system of political economy that is still consistent with Marx’s project? If so, is this system superior in comparison to Marx’s original system to fight the ideological forces of the capitalist class that strongly influence economic science in current times? I believe the answer to these two questions is: yes. To defend my position, I summarize the political-analytical foundations of two economists, Piero Sraffa and Oskar Lange, who might be classified as adherents of the “muggle Marxian approach.”
Sraffa (1898–1983) was responsible for recovering the paradigm of the surplus approach of the physiocrats when economists in the West thought that the objectivist analysis of value was definitely surpassed. Sraffa (1960) integrated into the framework of his masterpiece, *Production of Commodities by Means of Commodities*, the fundamentals of pre-Marxian political economy mainly represented by David Ricardo. By doing so, he opened the way to a powerful critique against the marginalist utility theory of value of the neoclassical economists, which had supplanted the labour theory of value of the classical economists during the transition from the 19th to the 20th century. Sraffa’s account about the Marginalist Revolution of the 1870s coincides with the Marxist interpretation that it was a politically motivated change. The concrete result of Sraffa’s project was a tense and complex controversy about the logical coherence of the neoclassical edifice. However, it cannot be said that this attack dethroned the neoclassical framework from the mainstream, because it remained as the core paradigm of economics teaching in the West.

Lange (1904–1965) initiated his trajectory as a socialist militant and economist academician in Poland. His theoretical project aimed at a great synthesis where the entire framework of the marginalist analysis of value would find its place within a larger system consistent with Marx’s guidelines (Lange [1959] 1963). In the practical sphere, Lange struggled to shape Keynesianism and contributed decisively to expand the topics of economic planning both in peripheral capitalist countries and in the core of capitalism. Regarding the impact of Lange’s work on economic thinking, there is strong divergence in the literature. However, I indicate one accomplishment that I consider to be of great relevance (Lopes 2021). Lange’s intervention in the socialist economic calculation debate was decisive to expel the Austrian School of economics from the mainstream. The expulsion of such reactionary, pro-capitalist forces from official economic science represents a partial, yet significant victory for the economics of socialism.

As we see, both Sraffa and Lange do not engage in the theoretical struggle to defend Marx’s theory of value *per se* or any other aspect of Marx’s work regarding content. They do not confront the enemy by relying on specific passages of Marx’s texts, because they know it is not a matter of helping the enemy to understand what Marx has written. Their approach to the ideological combat in economics is to assimilate external things that at first sight do not seem to fit Marx’s world. These two authors provoked relevant and positive changes in the debate of economics in the 20th century, without ever negating Marx as the greatest mind to have revolutionized the field of political economy.

The “pure-blood Marxian” approach, on the contrary, has the practical effect of isolation within the realm of the academy in the West. It creates a separated group of Marxian scholars, who are not able to participate in the combat against capitalist economic theory, even if they do take part on other fronts with great success.
Considering this context, I argue that the “muggle Marxian” approach is superior in comparison to the “pure-blood Marxian” approach. It is not possible to make progress in science without standing on the shoulder of a series of various contributors. Certainly, there are some of them who stand tall as giants. However, this stair is definitely not made of only one author. Marx is huge, but he is not alone in the continuum timeline of thinkers and militants of the working class. So, with respect to the transformation problem of values into prices, we must conclude that the way forward is to absorb the standard interpretation and to show that it does not harm Marx’s system. Instead, it increases the strength of Marx’s theory.

Notes


2. The expression “muggle” is taken from the contrast between pure-blood and muggle blood in the universe of Harry Potter, the popular phantasy novel of the late 1990s and 2000s. In that novel the term pure-blood refers to a family or individual without muggle (non-magic) blood.

3. There is an interesting difference between Sraffa and Lange that is worth mentioning. While Sraffa incorporated a pre-Marx framework, restricting himself to the objective side to theorize value, Lange tried to merge both the objective and subjective halves to deal with value theory. It is not difficult to see that Lange’s procedure is more complete, considering the basics of materialist dialectics. This comparison requires a further study, including a research about the exchange of ideas between Lange and Sraffa. I know they have maintained communication because a letter from Lange’s wife to Sraffa on 26 October 1965 indicated they were friends and because Sraffa visited Lange in Poland at least once, when the Italian economist was returning from a trip to China. See http://trin-sites-pub.trin.cam.ac.uk/manuscripts/Sraffa_C162/manuscript.php?fullpage=1&startingpage=1.

References


