REVIVING THE CAMBRIDGE CONTROVERSY
BY COMBINING MARX WITH SRAFFA

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Abstract: For the present situation in the teaching of economics, a field where the method of historical materialism is not employed, the mutual dissent between the theories of Marx and Sraffa represents a controversy of a scholastic character. The confirmation of the redundancy of the labor theory of value for the quantitative determination of prices contributed to diverting the attention of theoreticians from the concrete aim of Production of Commodities by Means of Commodities. As a result, the two Cambridges debate was abandoned before real changes in economics textbooks could occur. Although there are other reasons for the lack of a Sraffian impact on the mainstream, this article argues that it is possible to combine the critiques of Marx and Sraffa as a way to focus attention on the Capital Controversies.

Key words: value theory; economics and ideology; political economy; Sraffa; Marx

1. Introduction

The “Sraffa-shock” in the 1960s culminated in a debate between labor-value theoreticians and the followers of “surplus approach” theories, which may have diverted attention from the purpose of Production of Commodities by Means of Commodities (henceforth PCC). The formal critique on the marginal theory of value was abandoned after the two Cambridges debate ended with few concrete consequences. The practical side of Sraffa’s book was then rapidly forgotten and its popularity ceased to grow. At the same time, the Sraffian model was disseminated in its classical interpretation. As a result, theoreticians began concentrating on the consequences of PCC for the labor theory of value. This originated an
intricate controversy between those studying classical political economy and its critique. Since then, the connection between Marx and Sraffa was believed to be unsustainable.

Marxists reacted to the issue in different ways. Initially, the “New Solution” or “New Interpretation” developed originally by Foley (1982), Duménil (1983–84) and Lipietz (1982) played an important political role in uniting authors unsatisfied with the Sraffian paradigm as led by Steedman (1977). Another stream of reaction, under the influence of Rubin ([1927] 1978) and represented for example by Mattick (1972), Heinrich (1999), Fine and Saad-Filho (2010), began to raise the importance of the qualitative aspect of value theory in order to avoid the difficulties of the quantitative relationship between value and price. Another original approach developed as an effort to understand Marx after Sraffa was Farjoun and Machover’s (1983) probability model of political economy, which made quite clear that the transformation of value into price is a temporal one.

Recently, the Temporal Single System Interpretation (TSSI), put forward by Kliman and McGlone (1999), Freeman, Kliman and Wells (2004) and Kliman (2007), managed to provide a consistent guide for studying Marx’s procedure of transforming values into prices of production as a temporal metamorphosis of a single system representing the set of exchange relations between use values. This enabled them to demonstrate that the redundancy claim could not destroy the consistency of Marx’s theory of value and that the simultaneist approach to the transformation problem (that of Dmitriev-Bortkiewicz-Okishio-Morishima) is an inferior interpretation of the problem leading necessarily to absolute detachment between the value and price systems, something alien to Marx’s project in political economy. Despite being a correct perspective on the issue and also very faithful to Marx’s original exposition, the TSSI lacks a political strategy for attacking mainstream neoclassicists and for increasing the influence of Marxism within economics. The main problem is that the TSSI can be used against neo-Ricardianism, but for the present state of development of economic science, this is too advanced for most economists, who are capable of approaching historical materialism only with great caution. For the present state of teaching economics, it is not only important to develop correct interpretations of Capital, as the TSSI seems to aim, but also to think strategically about how to expand the critique of the naturalist conceptions of the capitalist mode of production.

Given that the neoclassical school still dominates the major departments of economics around the world, it would be reasonable to conclude that the departure from the original program idealized by Sraffa (1960) may have obstructed a broader dissemination of the two Cambridges debate and of the internal attack on the marginal theory of value. It is not the aim of this article to show what caused the digression, although one underlying hypothesis is present. Identifying what
drove the capital controversies “underground” is useful, but it affects the claims in favor of combining Marx with Sraffa only indirectly. There are different interpretations of why the Sraffian critique of marginalism was unsuccessful, and probably most of them partially explain it. But the main task for economic scientists is not to reveal how this happened (this is a field for investigation by historians of economic thought), but rather to show how the capital controversy can be revived and concluded.

This contribution of this article is to indicate how Marx and Sraffa can be combined to revive the Cambridge capital controversy. The objective of the article is to show that this deviation regarding the labor theory of value and Marxism can be corrected, regardless of its origin. The factual separation of the critique on the marginal theory of value from the critique of the labor theory of value created a double problem. First, this deviation imposed a limit on the acceptance of the Sraffian approach, and of the internal critique derived from it. Second, it misled two groups with a common interest in defying mainstream economics and caused them to fight each other. In order to overcome this difficulty, this article suggests a new strategy for combining Marx with Sraffa. It aims to show that the controversy between both economic schools of thought, Marxist and Sraffian, is a matter unrelated to the praxis of PCC.

On this basis, it is asserted that mainstream neoclassical theory can be criticized in a combined way: internally with Sraffa’s (1960) model and externally with Marx’s critique of political economy. Therefore, the emphasis of this combination lies not at the technical level, as it does with Garegnani (1978), Pasinetti (1979), Pack (1985), Schefold (2004) and others. This implies that, for the suggested strategy, the strictly technical discrepancies between Marxists and Sraffians should be dealt with only after a period of popularization of the Cambridge capital controversy. Our rule of thumb is: first place classical over neoclassical economics, and only then bring a massive Marxist critique of classical political economy onto the field.

These tactics are fundamental for the concrete objective of defying “marginalism” on a broader basis. In short, this article suggests that the theoretical conflict which originated from the “Sraffa shock” should be brought to more concrete levels of analysis. Then the philosophical contradiction prevailing at present can be solved practically: first through the generalization of the central purpose of PCC and afterwards through the popularization and expansion of the critique of political economy and historical materialism within economics. It must be noted that a successful maneuver to confront mainstream economics concretely should also count on pressures outside academia. Since the creation of these pressures is not the subject of this article, the strategy here presented is restricted to the intellectual battleground of economic science.
2. The Objective and Praxis of Production of Commodities by Means of Commodities

The publication of PCC in 1960 is an important event in the contemporary history of economic science. The quantity of responses provoked by this book confirms its relevance. The main reason for this is its solid and logical critique of marginalism. The subtitle “Prelude to a Critique of Economic Theory” and the direction of the attack gave the impression that its resemblance to the subtitle of Marx’s Capital, “A Critique of Political Economy,” was more than just a coincidence. It seemed, initially, that a dialog between both theories was in the offing.

The aim of the book, as Sraffa (1960) states in the preface, is to serve as the basis for a critique of the marginal theory of value and distribution. Sraffa’s argument is constructed in two steps: first, he returns to the classical model, and second, he shows that the marginal theory of value is not able to determine the prices of factors in the most general model of an economy.

Initially, Sraffa builds a basic economic model using interdependent equations that represent the various unities of production in the economy. These unities are the different sectors producing different use values. As each sector uses the use values of the other sectors as input, the produced quantity of each sector must be in a specific quantitative relation with all the other products, so that the system can reproduce itself infinitely.

This proportionality indicates the exchange relation of all use values of this economy and determines the respective long period prices of each product. These prices are those which simply enable the material reproduction of the economy. Therefore, it can be said that the exchange relations between use values can be derived from the physical structure of production itself, if, as it is assumed in PCC, the balance of the original input matrix is to be restored. Exchange relations, “prices” or “values” as Sraffa (1960) refers to them, are obtained without referring to supply and demand or to the subjective preferences of individuals. Consequently, the reader of PCC is necessarily directed to use the “standpoint of the old classical economists, from Adam Smith to Ricardo,” a perspective that was pushed out of the mainstream due to the emergence of the marginal method.

Similarly to the classical economists, Sraffa observes the “long period process” of the economy. As a matter of fact, one of the first effects of PCC was the resurrection of classical arguments in academia, as exposed, for example, by Meek (1961). This seemed to benefit the Marxist position, because the rehabilitation of classical political economy necessarily leads to the study of Capital. So, it is now broadly accepted that Sraffa (1960) represents a formalization of classical economics. But, if PCC is a formal presentation of the classical model, what makes it unique?
To capture the particularity of PCC, one should remember that the classical economists tried to construct their model of the reproduction of use values by making successive assumptions as their argument advanced. They abstracted from real fluctuations in order to analyze the system in its ideal form. This has important implications for the theory of value, as the discussions on the function of the law of value later showed. Sraffa simply started from the very aim of the construction of the “long position.” All that he had to formalize was the path from inputs to outputs as if the complications involved in the real production and distribution process were not there. This maneuver corresponds to Quesnay’s *Tableau Économique*, to Ricardo’s corn model, and to Marx’s ([1884/85] 2005) schemes of reproduction. However, the old economists did not derive the exchange relations directly from their reproduction models. Instead, they tried to discover them through parallel thinking, as Meek (1961) asserts. Sraffa, differently, uses exactly the equations representing the schemes of reproduction to determine the exchange relations. For that, any value theory appears to be useless. This implies also that the Sraffian model deals only with reproduction prices, but not with market prices.

Another peculiarity regarding the classical paradigm has to do with the concept of the historical specificity of a mode of production. The classical economists were interested in the development of the capitalist system and tried to discover how the law of value was historically constituted. The search for a comprehensible connection between the law of value and the exchange relations, which allows a general equal profit rate, culminated with Marx’s ([1894] 2004) contribution to the transformation problem of values into production prices in *Capital*, Volume III. History, in contrast to the method of the neoclassical school, has always been a very important component of economic theory. For that reason, the differentiation of modes of production has always been possible in classical political economy. Marx recognized the importance of this and emphasized it in his work, thus creating what he called a “Critique of Political Economy.” Despite the fact that PCC does not contain historical descriptions, one should not forget the reason why the book was written. Besides, since the classical economists have already described the historical process extensively, and Marx developed the idea of historically determined modes of production, Sraffa may suppose that the reader does not need this to be repeated. This explains why he does not have to consider an economy in its historical specificity, which was a crucial point for Marx.

Sraffa and the classical economists are at the same level of abstraction when dealing with production prices. Marx describes this level of abstraction as a necessity for studying production prices and the capitalist system in its ideal form. Therefore, PCC begins where classical thinking stopped and uses its concept of production prices as a fundamental tool for enabling the existence of an equal average profit rate. Despite the fact that classical economics is not
popular nowadays, the return of that model in the 1960s attracted the attention of economists of various traditions. An example of this is the effort to revise the concept of equilibrium determined by supply and demand.

In the second step of his argument, Sraffa shows that the theory of marginal productivity cannot explain the prices of the capital factor for the most general model of an economy. In economies with given social products and no alteration in the proportion between inputs, there are neither marginal products nor marginal costs. Therefore, within the marginalist parameters, it is impossible to “close” the system because the necessary changes which are the basis of marginal income do not exist. Still, there is a “profit rate” expressed by the surplus. Consequently, the neoclassical school is led to a logical contradiction: it cannot explain this situation since profit can only be a marginal product of capital.

This is a very brief summary of the critique that can be made on the basis of PCC. It is the so-called internal critique, also known as the logico-deductive critique or the *reductio ad absurdum*. This apparently simple result demands, however, a long and highly formalized discussion, which became known as the Cambridge capital controversies or the two Cambridges debate. It represents the desired critical program of which Sraffa wrote in the preface of PCC. However, it had no influence on the teaching of economics. It seems, therefore, that the concrete aim of PCC has not yet been achieved, which implies that theory and practice are still separated in the Sraffian school. As Chiodi and Ditta (2008) report:

During the 1960s many works, following suggestions made in Sraffa’s seminal 1960 work, pointed out several errors and logical inconsistencies in the marginal theory of value and distribution. Yet, what happened is quite odd: the approach underlying that theory remained dominant, despite PCC’s critique, whereas Sraffa’s contribution practically disappeared from mainstream economic literature; indeed, it is not even mentioned in the most popular textbooks of economics.

The point here is that followers of Sraffa and labor-value theoreticians share a common element: both of these heterodox groups oppose the marginal theory of value. Their methods of critique are certainly different. While, on the one hand, Sraffians place their hopes on a formal attack, on the other, Marxists seek to expose the bourgeois ideology within neoclassical theory. Which of the methods is most effective? Marx and the Marxists, with the “Critique of Political Economy,” do not threaten official teaching, and Sraffa, with his “Prelude to a Critique of Economic Theory,” threatens orthodoxy only by taking everyone back to classical political economy itself. Perhaps only a combination of these critiques can solve the issue practically. But whatever the solution to this problem, it is reasonable to conclude
that the criterion of the dispute should be the capacity of respective schools to confront the neoclassical school in reality.

These two modes of critique represent the contemporary movement against the dominant economic theory. The combination of Marx with Sraffa is legitimate, because it can be seen as part of that movement. As a result, when the objective of PCC is considered, the Marx-Sraffa integration is justified. So at the practical level, there is no disagreement between the Sraffian and Marxian theories. Why should PCC be in conflict with the Marxist value theory then? It seems that this artificial clash expresses a merely scholastic issue, which was created due to inappropriate interventions that diverted the attention of the participants away from this crucial aspect of the debate.

3. The Diversion to a Scholastic Question

While followers of the “surplus approach” theories were shocked by the fact that the internal critique resulted in no significant changes in the main textbooks of economics, Marxists viewed this as confirmation of their position that official acceptance of a theory has less to do with its technical merits than with its political aims. Because the method of criticizing and the concept of capital are elements of disagreement between these heterodox schools, the Marx-Sraffa combination faces some difficulties. As problems regarding the connections between classical political economy and Marx’s economics arose, the reading of Capital strictly as a “Critique of Political Economy” gained popularity. Consequently, the differences between Marx and Sraffa, which were hidden due to the classification of Marx as a mere classical economist alongside Ricardo, became suddenly evident. Considering that the Marx-Sraffa combination is being avoided through this diversion from the two Cambridges debate, it is important to answer two questions: How was the Ricardian school eclipsed by the marginal theory of value, and what is Sraffa’s opinion of this?

During Adam Smith’s era, most theoreticians derived exchange value from the labor time expended in the production of goods. However, due to the influence of the utilitarian philosophy, many economists began stating that use value was the determinant aspect of the quantity of exchange value. The consolidation of that approach can be traced back to the 1870s. The founders of this theory were William Stanley Jevons, Carl Menger and Léon Walras. Heinrich (1999) explains that the idea of deriving value from marginal utility had already appeared at the beginning of the 19th century, but only later became popular enough to throw classical political economy out of the mainstream.14

The reason for this seems clear from a Marxist perspective: the Ricardian theory of value was rejected mainly for political motives and not primarily because of its
technical faults. Ricardo’s theory was used by the so-called “Ricardian socialists” to criticize the capitalist system. In particular, the view that profit comes from unpaid labor time was very threatening to capitalism. According to Heinrich (1999), many economists consciously set out to develop theories that avoided these conclusions, thus contributing to the marginalization of that type of value theory.

So it was the political process in its real historical development that gave legitimacy to the theory of marginalism, enabling it to establish itself as the official source of science in economics. This brought momentous changes. Before, in classical economics, themes like social classes and history were discussed, and after, economic problems started (and still are) being analyzed from the point of view of individuals abstracted from the social relations in which they live. The profundity of that change made historians of economic ideas characterize two different epochs in the history of economic thought, namely the classical and neoclassical.

What is Sraffa’s view of this episode? As Bellofiore (2008) reports, for Sraffa, the formation of a theory is determined primarily by its practical aspects, in that the class struggle strongly influences the process of creating an economic model. Later, the theory appears as if it were a neutral intellectual construction. Accordingly, for Sraffa, the capacity of a theory to be accepted seems to depend primarily on its political implications. In his notes from 1927 entitled “Lectures on Advanced Value Theory,” Sraffa wrote:

The labour theory of value was devised by Ricardo as a stick to beat landlords (...). But later, having been advocated by Marx to beat the capitalists, it was necessary for the defenders of the present system to devise a new theory, the utility theory of value. (Sraffa, reprinted in Bellofiore 2008: 71 and 86)

Sraffa’s views on the decay of the Ricardian school are evidently the same as the Marxist position. Bharadwaj’s (1989) description of Sraffa’s life and thought allows him to be placed on the side of intellectual communists. Sraffa believed that the transformation of classical political economy into neoclassical economics was a political maneuver to protect the system ideologically. Something similar may be happening with the deviation from the two Cambridges debate. It may have been provoked as a way to evade PCC’s critique and to redirect attention to questions about the validity of the labor theory of value. On the one hand, this may be identified with the difficulty of expanding discussions on the theory of capital. On the other hand, the diversion can be thought of as the beginning of the clash between Marx and Sraffa. Some may respond to this by claiming that the failure of the Sraffian critique of marginalism was entirely due to mainstream economics’ abandonment of aggregate production functions analysis in favor
of general equilibrium theory. But Cohen and Harcourt (2003) argue that after Samuelson’s (1966) concessions, the neoclassical use of the aggregate production function “fell out of favor in the 1970s and 1980s,” curiously, at the same time that the controversy between Sraffians and Marxists arose.\(^\text{15}\)

Consequently, if we seek to show that such controversies have no relation to the practical problem of opposing the neoclassical school, it is necessary to demonstrate that the validity of the labor theory of value is a question without relevance to the critical program initiated by Sraffa.

### 4. Alternative and Opposing Theories

The solution of the transformation problem of values into production prices based on Sraffa’s model can be summarized in this way: the value system is different from the production price system. This difference is due to the criteria of surplus-value distribution. In the “value system” the criterion of allocation is the size of variable capital (the total surplus-value is distributed proportionally to the quantity of living labor of each sector); while in the “production price system” the sum of variable and constant capital determines the distribution of surplus-value. The mathematical passage from one system to the other represents the so-called transformation of values into production prices. It means that the value-index of each commodity changes, so that a new pattern of distribution can be achieved.\(^\text{16}\)

It should be remembered that it is capitalist competition that converts values into prices in reality. The mathematical algorithm is merely a formalization of the real movement of equalization of the profit rate. Further developments on the relation between the value and price systems raise issues regarding the relationship between the law of value and economic planning.

What is the major disagreement between the followers of Sraffa and Marx regarding this solution? To summarize, while Marx sees the surplus strictly from the point of view of the labor theory of value, Sraffa allows it to be determined directly from the relation between input and output.\(^\text{17}\) Consequently, the Sraffian approach is broader because it can describe economies abstracted from their historical specificity, as already mentioned. For Sraffa, the surplus should be understood first in a purely technical way, as a physical relationship between input and output. The social relations that organize production and distribution are different in that they are historically specific.

This theoretical separation between “physical” and “social” reproduction is one of the most important results derived from PCC, according to Feess-Dörr (2000). Before Sraffa, only Marx emphasized this method of observing the economy. For Marx, the physical process of production is “absolute”; it is the production of use values, whereas the form of social organization that accomplishes this production
is historically specific and determined according to the level of development of the productive forces. In the case of capitalist production, the determination of the reproduction of use values is subordinated to the logic of valorization. Therefore, to consider a model of the reproduction of use values without specifying that it is being conducted in accordance with the logic of valorization is to cause the value system, in the Marxian sense, to lose all meaning.

Solving the transformation problem with help of the Sraffian model leads to the quantitative redundancy of the labor theory of value. After some discussion, it is now broadly accepted that the system of production prices can be entirely determined by the technical data of the economy, if it is implied that the initial balance equations system is to be restored. This result enabled the development of the most efficient critique of Marxian economics, and it represented the dissolution of the transformation problem. In the end, the value system was not the rationale of prices; rather its own existence had to be explained first. This inversion of Marx’s argument reveals how this position pretends to oppose the original formulation of the issue. It follows from this that the “critique of redundancy” works as a practical tool against the study of the Marxist theory of value. In the model developed further from PCC, exchange relations can be obtained directly from the physical structure of the economy, and no consideration of the labor form in mercantile societies must be made. As a result, it is possible to reconstruct classical economics without using the labor theory of value.

The “critique of redundancy” calls attention to the fact that the labor theory of value is unnecessary for measuring the two variables of wages and profits. In contrast to Böhm-Bawerk ([1896] 2007), it avoids stating that the value system contradicts the price system. It is consequently a very different method of opposing the Marxist school. It holds that one can derive prices from the labor theory of value, but that one is not obliged to do it. Actually, Engels ([1894] 2004) foresaw the core of this attack, as a careful analysis of the preface to Capital, Volume III, reveals. He explicitly accepts the argument of redundancy when commenting on Wilhelm Lexis’s (1895) solution to the dilemma of the equal average profit rate. For Engels, deriving profits and wages on the basis of “vulgar economics,” for example, would be merely a paraphrase of the Marxian approach. In other words, it is completely possible to determine prices by means other than by Marx’s theory of value.

Accordingly, the controversy between the Marxist and Sraffian schools showed that the theoretical explanation of the economic process—(i) of surplus production, (ii) of price determination and (iii) of exploitation in the capitalist mode of production—based on the labor theory of value, is a matter of choice on the part of the researcher. In other words, the models developed from PCC and Das Kapital are not opposing, but complementary.
Therefore, the technical obstacles for combining the theories of Sraffa and Marx are only apparent, which means that the dissent between respective followers is mainly political rather than scientific. This is not the case when one contrasts Sraffa’s exposition with the neoclassical model, because here we have an accusation of logical contradiction. In view of that, it becomes clear that the construction of the capital theory cannot progress along the track on which the debate is being conducted. This means that the concrete discussion, for the present state of economic science, is not the debate about the merits of a value theory based on labor time, but that of the two Cambridges debate. Consequently, the discord between the Sraffian and Marxist schools can be characterized as a “dispute over the reality or non-reality of thinking isolated from practice,” while it is the critique of marginalism that really demands our attention.

5. Continuity and Rupture in Political Economy

The original practical purpose of PCC got lost as the formal dispute between the economists of Cambridge, Massachusetts and Cambridge, England was displaced by polemics about the labor theory of value. This digression is an important point that has not been sufficiently emphasized. For that reason, a more detailed study of Sraffa and his unpublished notes is necessary in order to clarify the political content of his work. This research may support more concretely the idea here presented, that this digression may be a political maneuver to protect neoclassical theory and the ideology behind it. This demand is consonant with the current conclusions of the studies on Sraffa’s thinking based on his notes that were not intended for publication. After all, his position is still considered to be “mysterious” according to Pasinetti (2008). For that reason, it is extremely important to check Sraffa’s original writings and his political position as a means to gain control over PCC.

Finally, the concrete question which leads to a new strategy for combining Marx with Sraffa must be asked: how can one sweep away the scholastic controversy and return to the praxis of PCC in order to solve the double problem caused by the diversion? My suggestion is that we should simultaneously avoid the trap of looking for justifications for the labor theory of value and focus attention on the reactionary movement that claims to have control over the content of PCC.

The main difficulty with the attempt to move away from that impractical conflict lies in the fact that the Sraffian framework permits an economy to be considered in its pure use value structure. Production is therefore abstracted from its historical specificity. It means that there is an economic model that describes the reproduction of use values regardless of the social relations that determine it in reality. This method is inadequate according to Marx, because it makes it impossible to show the historical specificity of the social modes of production,
since such a model fits all of them. Marx could not permit such an abstraction, because he needed to show that the classical political economists naturalized the social relations of capitalism in the first place. This is the general line of argument in the manuscript Zur Kritik der Politischen Ökonomie, written by Marx between 1858 and 1859.

Since classical economists confuse commodities with products, Marx must convert classical political economy into the study of an existing society with specific historical characteristics, namely capitalism. Now, if we consider that this has been done, it is possible to restart the search for elements of the general theory of economics. The difference is that this time capitalism will not be naturalized. Sraffa can allow the concept of production to be abstracted from its historical specificity exactly for this reason. Due to the fact that the Sraffian theory enables a historically abstracted model of the economy, labor is not privileged to function as the standard of measure for the quantities of use values, because in this case it is conceived only as concrete labor. On this level of abstraction, it is not necessary to reduce the quantity of use values exactly to labor time. When treated the same as any other “input,” labor time represents only one possibility of measuring the product.

Sraffa’s rehabilitation of classical economics brought to light the enduring problems with the continuity and rupture of classical political economy. There are two parallel questions surrounding this crucial point:

(i) How does an equal average profit rate come about based on the law of value?  
(ii) What are the foundations for the claim that labor time is the expression of value measurement?

The controversy arises because only one or the other receives full attention from the participants in the debate.

The first question lies entirely within classical political economy, and Marx wanted, indeed, to solve it. Authors sympathetic to Sraffa’s work usually emphasize this question. Here, the objective is to determine the prices of production and the average profit rate. It is Smith’s and Ricardo’s problem, and it deals only with the quantitative aspect of value.

The second question, though not formalized as the first one, contains the singular critique of political economy. Its solution is the distinction between concrete and abstract labor. Authors in the Marxist tradition tend to focus on this question by following Rubin’s ([1927] 1978) pioneering work. It deals only with the qualitative aspect of value. The question is necessarily formulated when one admits that labor time expressing itself as value is not a natural phenomenon, but a social one. The failure to raise the second question leads to the naturalization of
market relations. For that reason, the critique of political economy is qualitative and arrives at the concept of the historical specificity of the mode of production.

So, one must conclude that we have to treat both questions simultaneously. We simply must deal with value theory dialectically by treating quality and quantity as a unity. So what is the problem now? The problem is that, on the one hand, the content of PCC is partially dominated by neo-Ricardianism, which does not recognize the critique of political economy and is incapable of understanding question (ii). On the other hand, many Marxists maintain that question (i) is unimportant, as if the “Ricardian vestiges” in Marx’s discourse, such as the quantitative relation between values and prices, were necessarily unscientific.24

If this duality is not recognized, it will be difficult for both positions to cooperate and return to the attack on neoclassicism. Therefore, there will be progress only when both positions can clarify precisely to which practical tasks their theses are applicable. Here it seems that the critique of political economy should be employed every time it is necessary to remember that the capitalist mode of production is not natural, but historically determined. This analysis has wide application in historical research and in the teaching of historical materialism. In contrast, the continuity of political economy may very well be applied in areas of mathematical formalization and in the development of models of planned economies, as the ongoing attempt to transform values into production prices shows. As a consequence, even if the quantitative analysis does not consider Marx’s fundamental contribution, it is able to provide tools for overcoming uncoordinated production.25

Finally, a more detailed argument should be attempted here in order to, at the very least, encourage the dissolution of the prevailing mysticism. A fundamental question that Sraffa seems to have raised, and that accompanied him throughout his work, could be summarized as: why did Marx choose labor time to be the measurement of value?

Marx, in Capital, Volume I ([1867] 2004), holds that the production of use values is the result of the labor process, and that at first it should be considered independent from any specific social form. There are three elementary factors constituting the labor process: the activity oriented towards an end (labor itself), the subject of that labor, and the instruments. As an example of the subject of labor we could cite any raw material like iron ore. The instruments of labor are things such as tools and machines that come between the subject and the conductor of the process, i.e., the worker. Together, the subject of labor and the instruments are the means of production. In the production of use values, they are merely used in that they assume a passive role. The remaining elementary factor, labor itself, must be considered the active element responsible for putting the process in movement.

But why exactly was labor or “activity towards an end” identified as the active element of the production process? After all, it would be possible to consider that
the elements are combined in such a way that a transformation of nature occurs, as if a different element were the part that conducts the process. This is the sense of the parody of the “peanut theory of value,” which chooses the peanut as the special commodity that has the property to create value when consumed. It was demonstrated formally, with the help of the model from PCC, that any commodity entering directly or indirectly into the production of all commodities could be chosen to be the source of value and surplus-value. It is under this circumstance that Sraffa’s disquietude should be understood: why choose labor?

In Marx’s ([1867] 2004) exposition, the activity of man is the active element in the process of metabolism with nature. Thus the elementary factor “labor” takes a differentiated position among the other factors. Consequently, when the analysis goes from the labor process as a process of producing use values to the productive process with valorization, it is socially necessary labor time that determines the quantity of value. Now, one should note that this isolated thought exercise is not sufficient to turn the labor theory of value into a collectively accepted idea. It means that this method of arguing is not enough to explain the dominance of the labor theory of value in the writings of classical economists, nor is it sufficient to answer question (ii). Actually, in science it is not necessary to justify a socially accepted theory on the grounds of any philosophical standpoint at all.

Marx did not accept the labor theory of value on the authority of the classics. He tried to arrive at it through his own studies, so that he could explain the motives underlying its acceptance by economists. Mandel ([1967] 1971) maintains that between 1844 and 1847 Marx changed his position on the labor theory of value. He went from rejection to acceptance basically because of two things: first, due to the political motive that gained force with the interpretation of the theory by the Ricardian socialists, who found a way to use the theory to advance the interests of the working class, and second, due to his own further studies in political economy. So, it is not a matter of justifying the labor theory of value on some ideological position of Marx regarding the relationship between man and nature, but to envisage it in relation to history and the class struggle.

Sraffa’s questioning is relevant in the sense that there is no technical necessity requiring us to reduce the measurement of value to labor time, unless one recognizes human activity as the active element in the productive process. But here is the important thing: in practice and historically, the choice of labor as the measurement of value became fixed as individuals increasingly became socialized as commodity owners, although this was not done consciously. This was the origin of the labor theory of value in classical political economy, which Marx ([1928] 1990), in a letter to Kugelmann from 1868, considered to be valid without demonstration. There are innumerable ways of measuring wealth, and in the historical context of the expansion of commodity production, labor time
became the social standard for measuring the value of useful objects. Thus, the labor theory of value does not reflect an arbitrary or conventional choice, as it often seems to when analyzing the theory on an individualistic basis.

So, despite the fact that the quantitative relation of use values, considered independently of the social form of production, inevitably reflects the socially necessary labor time needed to produce each use value, it is important to notice that the very conscious parameter of quantification of value is subject to the historical specificities of social organization. Marx recognizes this right at the beginning of Capital:

> Every useful thing, as iron, paper, etc., may be looked at from the two points of view of quality and quantity. It is an assemblage of many properties, and may therefore be of use in various ways. To discover the various uses of things is the work of history. So also is the establishment of socially-recognized standards of measure for the quantities of these useful objects. (Marx [1867] 1887, emphasis added)

This is the crucial difference between the theory in the hands of Smith and Ricardo, and Marx’s treatment. For this reason, the labor theory of value could only be formulated in a specific historical and social environment, which is that of exchange relations totally generalized, where working people relate to each other mainly as commodity owners. Only then could the idea of equality between people and their labor power spread as popular wisdom and consequently support the formulation of the labor theory of value in the superstructure. Aristotle was prevented from arriving at this “late discovery,” according to Marx, because he lived in a society in which such an ideological base did not exist.

Within this interpretation, the dispute about the validity of a value theory based on labor time can be characterized as a contemplative procedure in the face of contemporary conditions in the teaching of economics. The dispute arises from the ideological conflict within the Marxist approach, which ties itself to the labor theory for political reasons and in the Sraffian approach, which abandons it. The rational basis of the labor theory of value is the identification of human labor as the active element in the process of producing use values. Sraffa’s perspective, which does not select the active component, can be said to be a more general model of reproduction. Hence, the conflict between these heterodox schools can only be sustained by the ideological polarization enabled by the political use of both approximations. The following statement might serve as a synthesis that supersedes the technical disagreement: the element that is the source of value is the element that assumes the subjective character in the process of use values production. In other words, Marx and Sraffa’s political position, guided by the philosophy of praxis, creates the illusion that their theories are contradictory, when
in fact they tackle specific concrete problems and belong to the same philosophical apparatus for struggle on the side of the working class.

As a result, abandoning the labor theory of value when the focus is on the quantitative analysis of value is not a formally invalid procedure. It implies, however, that labor is not the factor that puts the process in movement, that is, it is not the active component of economic activity. The problem is that this philosophical breach is used for the political purpose of persuading theoreticians to move away from the construction and organization of science from the perspective of the worker. This is the astute strategy that has been used since the “Sraffa-shock” to pit Sraffa against Marx.

The quantitative redundancy of Marx’s (and anybody else’s) theory of value from the perspective of quantity is a fact, as Marx and Engels themselves argued when elucidating the limitations of classical political economy. Since bourgeois economists only take into account the quantitative aspect of value, their claim about the redundancy (an expression of their hidden desire to bury the labor theory of value) is completely explained by their social-political position (if they understand the Marxian framework but do not accept it due to their position in the class struggle), by their scientific limitations (if they think value is to be studied only as a quantitative relation between different use values) or by some mixture of these two factors.

Once we clarify this central aspect of the controversy, participants in the debate will be able to engage in the conflict with greater potential for bringing about change. If this interpretation is accepted, the Marxist and Sraffian schools can cooperate and help to revive the two Cambridges debate through a combination of the internal and external critiques. The strategy for alliance consists of eliminating the theoretical contradiction by descending to more concrete levels of analysis in order to solve a problem in reality. Therefore, when the fight against the marginal method is emphasized and one considers the aim of PCC, a new attempt at combining Marx with Sraffa becomes possible.

Notes

1. The “Sraffa shock” in general describes the discussions provoked by PCC. Here, it will refer specifically to the broad acceptance, after some debate about the Sraffian equations and the transformation problem of values into production prices, that the labor theory of value is redundant for the quantitative determination of prices in general. It is not claimed that one must abandon the labor theory of value, but that the economist has this option. The main political point of the article is to argue that the reactionary movement behind the redundancy argument changes Sraffa’s political position and uses his theory to marginalize Marx.

2. The two Cambridges debate (or Cambridge capital controversy) refers to the discussions initiated by the critique of Sraffa (1960) regarding the theory of capital. On the history of the debate, see:
Harcourt (1972) and the more recent views of Chiodi and Ditta (2008), Cohen and Harcourt (2003) and Quaas (2000).

3. The terms “practical side” of Sraffa’s book, its “praxis” or, still, its “concrete aim,” as argued here, refer to the use of PCC in order to effectively alter the teaching of economics.

4. The TSSI and the model of Farjoun and Machover (1983) are very close, because both are temporal in opposition to the simultaneist approach. In that sense, they can be envisaged as complementary efforts at creating the most advanced Marxist response to Steedman (1977). On the relation between the TSSI and Farjoun and Machover (1983), see Wells (2007). For critiques of the TSSI, see Mongiovi (2002), Mohun (2003), Mohun and Veneziani (2007), Park (2009) and the replies by Freeman and Kliman (2006) and Kliman (2009).

5. The terms “neoclassical” and “marginalism” will be treated as synonyms. They refer here to the contemporary dominant economic school that developed from the works of Jevons ([1871] 1970), Menger ([1871] 1950) and Walras ([1874] 1954).

6. This implies also that the two Cambridges debate is not over and will return, as argued by Cohen and Harcourt (2003).

7. For example, Hodgson (1997) argues that the “constructivist Sraffians” failed to build a coherent theoretical legacy. In his book, Evolution and Institutions, Hodgson (1999) uses the forgotten Cambridge capital controversy as an example of an issue that has been left unsolved by contemporary economic science.

8. “Marginalism” was, according to Marcuzzo and Rosselli (2011), a term used by Sraffa to refer to what we call nowadays “marginal method” or “marginalism.”

9. The interpretation of the Marx-Sraffa knot of this article is similar to that of Screpanti (1993), who also tries to approach the issue from a practical perspective. The difference is that the work of Sraffa is interpreted as a tool which transports economists from neoclassicism back to the classics, so that they have a “second chance to take the right path” towards Capital. In that sense, it is very close to Tolipan (1979), who argues that Sraffa makes “the last movement of return to Ricardo.”

10. For a precise description of the “long position” or “long period,” see Kurz (1998). For the relationship between classical prices and Sraffa’s prices, see Kurz (1985) and Sinha (2010). There is still discussion about Sraffa’s model being interpreted as a formal model of classical economics. See, for example, Hollander (1987) and Blaug (1999) (responded to by Kurz and Salvadori 2002).

11. Many are skeptical about this, however. Stamatis (1984) admits that every critique of the neoclassical school must end in the study of classical political economy and its critique, but he is reluctant to accept a direct connection between Marx and Sraffa. Belluzzo (1998) argues similarly.

12. The internal attack was already initiated by Sraffa himself years before the publication of PCC with two articles that led him to Cambridge. The immediate effect of these works was the beginning of the theory of imperfect competition. See Sraffa (1925) and Sraffa (1926).

13. For Harcourt, the debate had already begun with Robinson (1953–54). Here, Sraffa (1960) will be considered the initiator of the critique of neoclassical theory because of the expansion of the issue caused by the publication of PCC. For formal presentations of the debate see Harcourt (1972), Cohen and Harcourt (2003) and Schefold (2004).
14. Heinrich (1999) and others argue that the generalization of calculus due to the developments in classical physics influenced the development of the marginalist approach in economics. So, to explain the ascendancy of neoclassical school exclusively by the political struggle may be exaggerated.

15. If one wants to trace exactly how the diversion occurred, my guess would be to start with Samuelson’s paper of 1971. It would be interesting to know if the repetition of Samuelson’s (1957) argument with a Sraffian model has any relation to the hypothesis here presented. It was Samuelson’s “voilà” of 1971 that triggered the controversy between the Marxian and Sraffian theories on the basis of the debate on the transformation problem of values into production prices. It was followed by Lerner (1972), Mattick (1972), Samuelson (1972), Napoleoni (1972), Bronfenbrenner (1973), Samuelson (1973), Baumol (1974a), Samuelson (1974a), Morishima (1974), Baumol (1974b) and Samuelson (1974b); later came Steedman (1977) (commented on by Samuelson 1982) and a vast list of subsequent contributions on the redundancy of the labor theory of value, which absorbed all efforts from the Marxist school regarding PCC. This practical result could have been Samuelson’s intention, but this really does not matter, since the solution to the problem does not depend on that information. Anyway, I can refer to Southworth (1972), if there is any interest in speculation about this “Marxist disguised as a vulgar economist,” as Engels would probably have labeled Samuelson (see Engels [1894] 2004). Kliman (2010) describes the same process of dissolution of the Marxian School emphasizing its internal aspects. I think that both technical and political factors contributed to turning the issue into a scholastic question. However, the point is not to explain the origin of the problem, but to solve it.

16. For a simple mathematical explanation of the quantitative solution of the transformation problem, see Pasinetti (1979).

17. The direct identification of surplus product with surplus-value is inappropriate. But it is important to remember that Sraffa purposely used historical categories of capitalism to describe concepts that are suitable for non-capitalist forms of production, as Bellofiore (2008) reports based on his studies of the Sraffa’s unpublished notes. This may have contributed to the confusion. It is understandable why the confusion between the “Ricardian surplus” and “Marxist surplus-value” worsened after the publication of Sraffa’s work, as Belluzzo (1998) argues.

18. Among Marx’s sympathizers, there is a general belief that the labor theory of value is necessary to show and to prove exploitation in capitalism, as if the concrete conditions of laboring required any formalization in order to clarify the fact that the worker does not command the production process. The fact is that exploitation exists regardless of the value theory that is currently prevailing in academy.

19. These words are used by Marx to characterize a “purely scholastic question.” On the method employed for constructing the strategy suggested in this article, see Marx’s “Theses on Feuerbach” (Marx [1888] 1978) and the corresponding implications for philosophy in general.

20. In that sense, it is similar to Shaikh’s (1984) proposal to separate the “real contributions” enabled by Sraffa’s framework from the ideological forces that obscure things by not clarifying the real aspects behind mathematical formalization.

21. This was the contradiction facing classical political economy, which Engels ([1885] 1963) formulated as a challenge to the economists of his time in the preface to Capital, Volume 2.

22. The following excerpt from Marx asks the same question: “Political Economy has indeed analyzed, however incompletely, value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product and labour time by the magnitude of that value” (Marx ([1867] 2004).

23. Or because authors are discussing which one is the most important. Meek ([1956] 1973) formulates both questions like this: “The basic logical problem to be solved here is simply that of the determination of these prices (exchange values). And for Marx (…) no solution could be regarded as adequate which did not possess as it were two dimensions: a qualitative and a quantitative one. The qualitative aspect of the solution was directed to the question: Why do commodities possess prices at all? [question (ii)] The quantitative aspect was directed to the...


25. In that sense, the mainstream itself is led to develop genuine scientific knowledge, even if unconsciously, so that the operations of the system may be conducted. This is, by the way, the meaning of Oskar Lange’s use of mainstream analytical devices in order to relate the law of value with economic planning.

26. For the “peanut theory of value,” see Bowles and Gintis (1981), Laibman (1992: 56), and Lee (1993). A criticism was presented by Schweickart (1989), who argues that the claim that any commodity could be the “special one” does not distinguish the social from the technical conditions of production.

27. It does not mean that the relation between man (active) and nature (passive) is not dialectical. For Marx’s view of labor and nature, see: Marx ([1844] 1968) [MEW 40]: 516 and Marx and Engels ([1846] 1969) [MEW 3]: 21.

28. This kind of reasoning is at first sight close to the approaches that evoke Marx’s early writings as a way of defending the special status of labor among the other factors, like Hunt (1982). Similarly, Smith (1994) believes that the separation proposed by Althusser ([1965] 2005) is only apparent. However, as Bowles and Gintis (1981) rightly argue, this supposed union of early humanism in Marx with his mature position on science is untenable. For that reason, it is important not to justify the theory philosophically (although this is perfectly possible on an individual level) but to comprehend it as the value theory of workers.

29. In that sense, Bryceson (1983) writes that “the law of value provides the conceptual framework for restructuring an understanding of societal allocation of labour under all modes of production.”

30. This defense of the labor theory of value based on political motives developed from the reaction of Hilferding to the critique of Böhm-Bawerk, according to Garegnani and Petri ([1982] 1989). A greater acceptance of Sraffian theory among Marxists is impeded because of this political justification of the theory, according to these authors.

31. This has been argued recently by Hodgson (1982) and DiQuattro (1984) and earlier by Lange (1935). The same was sustained explicitly by Engels ([1894] 2004), as argued in section 4.

32. Something similar has been pointed out by Fine (2001) when he writes that “many supporters of value theory have been seduced” by the arguments that interpret the value and price systems as two independent and alternative instances, one of which must be accepted and the other rejected.

References


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