

**On Some Problems in Marxian Theory.
A Discussion of Michael Heinrich's *Science of Value***

Riccardo Bellofiore

Formerly at the University of Bergamo (Italy), riccardo.bellofiore@gmail.com

Abstract

Heinrich's *Science of Value* is a wide-ranging survey of Marx's theoretical legacy in the field of the *critique of political economy*. Although the book focuses on *Capital* and its long maturation, starting with the *Grundrisse*, and makes substantial use of the historical-critical edition of Marx and Engels' writings in the original language, Marx is not reductively examined either from the perspective of the economist or the philosopher. Heinrich rather presents him to us as a *critical scientist of modernity*: more precisely, of capitalist totality. I will first set out *the main arguments of Heinrich's book*, followed by brief remarks on how they are situated in *the discussion on Marx* from the end of the 19th century to the present. Finally, I will point out the positions needing a *critically discerning assessment*. To begin with, I will deal with the articulation of the relationship between *money, value and price*, which also means addressing the qualitative-quantitative divide within the theory of value. Next, I will look at the theory of capital, in particular Heinrich's conceptualisation of *wage labour* and *credit-money*, followed by a consideration of the author's views about capitalist dynamics, with special reference to the *tendential fall of the profit rate* and *crisis theories*. I will then proceed with my examination of some of the controversial matters explored in *The Science of Value*, opening a dialogue with Heinrich on his interpretation and reconstruction of Marx.

Keywords

Michael Heinrich, Karl Marx, Critique of political economy, Monetary Labour theory of value, Theory of crisis

§1. Introduction¹

Michael Heinrich's *The Science of Value* is already a classic.² With an overused term, the edition I am presenting can indeed be called, an event, for more than one reason. In Italy, once a fortunate country in terms of the extent and quality of translations, little at present is available on these topics.³ Meanwhile Michael Heinrich is a widely translated author elsewhere. His introduction to

¹ The following Introduction is divided into two parts. In the first, Heinrich's argument is presented, contextualising it theoretically and historically. In the second, a critical discussion is provided. The reader, if they wish, can usefully postpone the in-depth study of this second part until the end of their own reading of the book. I would like to thank Pietro Bianchi, Stefano Breda, Vittorio Morfino, Gianluca Pozzoni, Tommaso Redolfi Riva, Sebastiano Taccola, Luca Timponelli, and Giovanna Vertova, for their careful reading of the introduction, and for the suggestions they provided. I owe a special thanks to Michael Heinrich, from whose non-dogmatic spirit and intellectual vivacity I continue to learn, and with whom the dialogue is always open. Special thanks go to Steve Wright for a careful revision of the translation.

² *Die Wissenschaft vom Wert* was published in Germany in a first edition in 1991, and in a second edition, expanded and substantially rewritten, in 1999. The volume is now in its ninth reprint, reproducing the seventh version from 2017, which contains an important afterword, the essential elements of which have been included by the author in the body of the text of this translation.

³ To give just a few examples: neither Duncan Foley's *Understanding Capital* (1986), nor David Harvey's *The Limits to Capital* (1982), nor Tran Hai Hac's *Relire "Le Capital"* (2003), nor Moishe Postone's *Time, Labor, and Social Domination* (1993), four fundamental, wide-ranging surveys of Marxian economic theory, are available in Italian. The same can be said for Michel Aglietta's *Régulation et crises du capitalisme* (1976), Robert Brenner's *The Economics of*

the three volumes of *Capital*, the commentary to the first five chapters of the first book (*How to Read 'Capital'*), the first of four announced volumes of his biography of Marx (*Karl Marx and the Birth of Bourgeois Society*) have already been translated into English, French, Castilian and Portuguese. An English edition of *The Science of Value* has been announced next year by Brill, with a French one afterwards. In contrast, this beautiful translation by Stefano Breda is the first to be printed outside Germany.

Heinrich's is a wide-ranging survey of Marx's theoretical legacy in the field of the *critique of political economy*. Although the book focuses on *Capital* and its long maturation, starting with the *Grundrisse*, and makes substantial use of the historical-critical edition of Marx and Engels' writings in the original language (the MEGA2),⁴ Marx is not reductively examined either from the perspective of the economist or the philosopher, and not from the amphibious perspective of the economist-philosopher (an expression that is as beside the point as any other). Heinrich presents him to us as a *critical scientist of modernity*: more precisely, of capitalist totality.⁵

What makes the author's viewpoint particularly useful is both his *methodological self-awareness* (the result of an in-depth reading of 20th-century philosophy of science and Althusser⁶) and positioning Marx in the *long history of economic doctrines* (first classical political economy, then neoclassical economics), as well as his constant *conversation with much of the best secondary literature*. There is, of course, a particular focus on writings in German, but also great attention to those in English and French. Italian, Latin American and Asian studies remain in the background, with a few exceptions.

Heinrich's 'style' is almost unique in the contemporary theoretical framework, which has been experiencing a resurgence of Marxian studies in recent years. These studies are largely self-referential and enclosed within Marxism, sometimes looking for an authentic Marx: too prone to the short circuits of forced actualisation, or to the claim that they are proposing an 'ever truer' Marx than Marx himself. Heinrich, on the other hand, engages in dialogue with the *whole of* contemporary non-Marxist economic and social theory: without reverential fears, and willing to accept the challenge. Even more commendable is that he has a keen eye for Marx's *ambiguities, ambivalences, inconsistencies*, sometimes even *contradictions*, given that Heinrich is an author who explores the mode of *critique*.

Heinrich is therefore able to offer us a *reading* of Marx's texts in their *plurivocity* and *problematic nature*. However, he does not stop there. Heinrich also advances a new *interpretation* that seeks – never with an attitude of 'closure', but rather always remaining 'open' to further discoveries – to resolve the difficulties he has identified in the mature Marx. The focus of the book is on the *socialisation* of immediately private labours, decisive in the formation of abstract labour and value. His interpretation, which is part of the constellation of the *Neue Marx-Lektüre*, is *one of* the many in the German debate that has tried to tread the path of a *monetary* theory of value. In my opinion, it is also the most interesting among such interpretations. While stimulated by the early reflections of Hans-Georg Backhaus,⁷ Heinrich's perspectives are largely original.

If one looks at the outcome of his research, one realises that Heinrich has gone beyond interpretation and has set before us a comprehensive *reconstruction* of the critique of political economy that – *with* Marx, but also *against* Marx – is not afraid to go *beyond* Marx. I am in deep

Global Turbulence (2006), Gérard Duménil and Dominique Lévy's *The Crisis of Neoliberalism* (2011), and *Capitalism. Competition, Conflict, Crises* by Anwar Shaikh (2016). These are only a few amongst many possible references.

⁴ On which we have the studies of Alessandro Mazzone and more recently of his school (in particular, Roberto Fineschi), but also the older ones of Bruno Bongiovanni. See, for example, Mazzone (2002).

⁵ In this endeavour to present the entire arc of Marxian reflection on economic issues and *Capital*, Heinrich's volume has few rivals; I refer here to the aforementioned books by Tran Hai Hac or Roberto Fineschi (2021, but the first edition dates back to 2001).

⁶ On Heinrich and Althusser, I refer to Morfino's contribution in the Italian edition.

⁷ See Backhaus (1969), and his *Materialen* on the Marxian Theory of Value in four instalments, included in the collection of writings I co-edited with Tommaso Redolfi Riva (Backhaus, 2016). This is a selection from Backhaus (1997), except for one essay that is present in our collection.

agreement with this move, which obviously does not mean that I am in total agreement with his theses - indeed I have many disagreements, some of which I will mention later in the introduction. Yet Heinrich and I have 'read' the *same* author and the *same* texts, from the *Grundrisse* to *Capital*, a circumstance which is less obvious than one might imagine. *The Science of Value* shows that the *only* way to be authentically *Marxian* is to fearlessly pursue the path of *doubt*, first and foremost about Marx himself (whose favourite motto, as everybody should know, was *De omnibus dubitandum*).

In the remainder of this discussion, I will first set out *the main arguments of Heinrich's book*, followed by brief remarks on how they are situated in *the discussion on Marx* from the end of the 19th century to the present. Finally, I will point out the positions needing a *critically discerning assessment*. To begin with, I will deal with the articulation of the relationship between *money, value and price*, which also means addressing the qualitative-quantitative divide within the theory of value. Next, I will look at the theory of capital, in particular Heinrich's conceptualisation of *wage labour* and *credit-money*, followed by a consideration of the author's views about capitalist dynamics, with special reference to the *tendential fall of the profit rate* and *crisis theories*. I will then proceed with my examination of some of the controversial matters explored in *The Science of Value*, opening a dialogue with Heinrich on his interpretation and reconstruction of Marx.⁸

First, the role of *money as a commodity*,⁹ where *intrinsic value* must be thought as distinct from *absolute value*. Afterwards, the complex meaning of the category of *labour* in the critique of political economy, and here I will thereby consider the *plural* modalities of its *socialisation*, as well as the need for its *monetary ante-validation*. Through this discussion I will argue that it is possible to reconcile the Marxian *exposition* of value as 'coming to be' in the *unity* of production and circulation with the equally crucial point made in *Capital* of a movement of *expression* of value 'from the inner to the outer'. I will also show the complementarity, if not identity, of Marx's understanding of capital as *abstract impersonal domination* over labour, with an interpretation of *exploitation as a totally immanent capitalist notion*. Herein lies the ultimate foundation of the identity between, on the one hand, the money value added and, on the other, direct labour as the living labour congealed or objectified. Finally, I will say something about crisis theory in its multiple dimensions. In the conclusion, I will mention Heinrich's final considerations about the relationship between the critique of political economy and socialism.

My contribution will basically be simply a first opening to launch a debate on a book that deserves to break new ground in the discussion about Marx in Italy as elsewhere.

§2. Abstract labour, monetary theory of value, overproduction crisis: Heinrich's theoretical proposal

After a survey of positions in the *epistemology of science* – which moves from logical empiricism to Popperian fallibilism, and then on to Lakatosian research programmes and Kuhnian incommensurable paradigms – Heinrich takes the Althusserian category of *theoretical field* as the central pivot.¹⁰ The theoretical field is a structured organisation of scientific discourse that defines

⁸ My distinction between reading, interpreting, and reconstructing is different from the one the reader will find in Heinrich. As will be seen in the text, the difference is not on the first term, but on the second and third. What I call 'interpretation' is for Heinrich 'reconstruction', and vice versa. More on this, below-

⁹ In the Italian translation Breda uses 'commodity-money', which is correct. I prefer to use 'money as commodity' to signal Marx's distance from the Ricardian view, where money is a commodity *like any other* ('a commodity that is money'), whereas in Marx, at least according to my interpretation, money is a commodity *excluded from all others* ('money that is the excluded commodity'). As Marx writes: *gold is not money, but money is gold*.

¹⁰ What is important for Heinrich is the Althusser of *Pour Marx* (Althusser, 1965a) and *Lire le Capital* (Althusser et al., 1965b). On the other hand, he does not agree with Althusser's turn in the early 1970s and the centrality within it of the (admittedly ambiguous) *prise de position*, even if Heinrich considers the self-criticism of 'theoreticism' addressed to his early writings to be correct. In Italy, Maria Turchetto's work on Althusser is foundational. She edited the critical

what can or cannot be seen. It determines, therefore, which empirical sphere is relevant, which questions can be asked, which answers are admissible.¹⁰ The *object of knowledge* is not to be confused with the *real object*. Experience is always mediated in the scientific discourse.

Heinrich's is a *constructivist* perspective, delving on some Hegelian insights. Within a defined theoretical field, different *problematiques* can coexist. The critique of political economy is characterised by the discovery of a theoretical field that is incompatible not only with neoclassical political economy, but also with classical political economy. Heinrich declares an absolute *discontinuity* between the deepest inspiration of the mature Marx and the field of investigation of Smith and Ricardo.

The theoretical field of both the classicals and the neoclassicals is *common*, and is circumscribed within a *quadrilateral*: anthropologism, asocial individualism, ahistoricism, empiricism. *Anthropologism* refers to a given presupposed human essence. *Individualism* entrusts the constitution of the social nexus to the behaviour of atomised individuals. *Ahistoricism* since market relations are deemed to be the natural social form. *Empiricism* implies that the real object shows itself as it is, and therefore that its observation is sufficient for knowledge.

§2.1 Classicals and neoclassicals

In the first part of his book, Heinrich devotes the first chapter to classical economics and the second chapter to neoclassical economics. The second part contains the early Marxian critique of economics and law, which are of an essentialist and anthropological nature. The third chapter sketches the general outlines of the young Marx, while the fourth details Marx's progressive departure from his earlier perspective. The conquest of a new theoretical field is described by Heinrich in part three, in chapters five to eight.

I will limit myself to a few remarks on the interpretation of Smith and Ricardo. Heinrich's knowledge is first-hand and does not follow well-trodden paths. On Smith, Heinrich (rightly) disputes that there are *two* theories of value in this author: one in the 'early and rude' society, tracing value back to labour contained; the other in capitalism, tracing value back to labour commanded. For Smith, value is *always* labour of others obtained in the exchange of commodities. What changes is not the *measure* of value, it is its *regulator*: in the primitive society, the regulator is contained labour; this is no longer the case in civilised society. This means, as Heinrich stresses (rightly, once again), that Smith's theory of value should not be judged primarily as a theory of prices. Moreover, labour, as *toil and trouble*, is thought of by Smith as the labour of the *isolated man*. This determination, at once individualistic and naturalistic, will mark, in its ahistorical nature, economic theory in its various incarnations.

With some reason, Heinrich disputes the Marxian thesis according to which Ricardo would be an incoherent proponent of the labour theory of value and calls him rather an incoherent production-price theorist. Value depends on the labour required for its production, on its *difficulty of production*. At the same time, value *immediately* includes a reference to a given systemic rate of profit. The point, however, is not that there are *two* causes, as the neoclassical interpretation affirms, but of a *change* in price determination. In contrast to the Marxian theory of surplus-value, which has a *non-empirical* character, Smith's and Ricardo's empiricism obstructs their access to a theoretical layer that could allow them to conceive of surplus-value independently of its particular forms.

A considerable number of pages in this volume are aimed at showing in what sense the Marxian reception of the classics is inadequate and distorting. As for the neoclassicals or marginalists (here Heinrich does not distinguish between the two definitions, and includes the Austrians among neoclassicals, which in my opinion is wrong), they start from an *analytical* and non-classificatory definition of value *à la* Robbins, looking at a *universal* aspect of human conduct: rational choice

editions of the two cited works for the *Althusseriana* series by Mimesis. See Turchetto (1986).

under scarcity, with means having alternative use in their relationship to given ends, and according to some preference ordering. As mentioned above, this theoretical approach shares the *same* theoretical field as the classicals, although it addresses a different *problématique*. From the *centrality of the producer* (labour as the struggle of the ‘isolated man’ against nature), we move to the *centrality of the consumer* (the man of needs, bound to scarcity). General economic equilibrium is rightly defined by Heinrich as a *great barter*: the author successfully recalls how the approach entered fibrillation when marginal utility was defined via revealed preferences, which is evidently a circular argument. And he also reminds how Cassel saw that that approach was nothing more than a price theory that did not need any foundation in a theory of value.

§2.2 From the young Marx to Marx’s critique of political economy

Heinrich then moves on to Marx. It is useful to put forward a few preliminary considerations. When dealing with Marx, Heinrich (rightly) points out his many ambivalences and inconsistencies. This, it was said, is the moment of *reading*. Heinrich defines the *reconstruction* as a *rearrangement of Marx’s systemic framework*, starting from the fundamental core of the theory of value, to make it unitary and free of contradictions, *while remaining within the original coordinates*. Attempts of this kind have been made by more than one author in the German-speaking debate: just think of Backhaus’ early work, to indicate but one representative name. The examples could be multiplied with reference to other countries. To be successful, Heinrich argues, reconstruction requires the construction of a *new* object of research, i.e. a constructive act of *interpretation*, and the latter *cannot* rest exclusively on Marx’s own categorical framework. Fractures must be expected on those specific points that acted as a block to categorical development, leading to its *impasse*. I will return to these points later. As I anticipated in a previous footnote, the readers see themselves that the terms ‘interpretation’ and ‘reconstruction’ are used by Heinrich and myself as in a mirror, so they will have to take this into account in the further reading of my introduction.

Marx’s is a *critique of political economy as a science*. It is a critique of economic theory *as a whole*, which advances a *different* conception of reality and science itself. This perspective is not conquered all of a sudden, but by traveling a bumpy road. Heinrich (rightly) keeps away from ‘additive readings’ (where the various works are added together, disavowing their *incommensurability*) and ‘teleological readings’ (where the writings are arranged along a *continuum* of progressive maturity).

Heinrich begins by specifying the terms of the theoretical problematic peculiar to the *early* Marx, starting with a comparison with the Young Hegelians and his Feuerbachian critique of Hegel. It is a critique with an empiricist-nominalist slant against Hegel’s (indeterminate) abstractions. Instead of Hegel’s *speculative idealism*, according to which the universal ideal has effectual reality, Marx presents a *speculative empiricism*. The existence of the human being as a sensible individual is confronted with a presupposed and meta historical *Gattungswesen*. Any abstraction is estrangement. The political dimension is separated and autonomised from the social dimension. For this Marx, the gap between the actual and the ideal, the unnatural and the natural, points to the necessity of communism. The latter is recognition and *return to the origin*. In the critique of the old world, the features of the new are identified.

In this early period – which begins with the 1843-44 writings on Hegel’s *Philosophy of Right*, includes *On the Jewish Question* and the *Paris Economic-Philosophical Manuscripts*, and is concluded with *The Holy Family*, all 1844 – the critique of political economy includes Smith as the most representative author, and there is no endorsement of Ricardo’s labour theory of value, as instead the 1847 *Poverty of Philosophy*. In this last book, Marx still adheres to anthropologism, individualism and empiricism, but he begins to give a historical depiction of the essence of the human being.

The break begins in 1845, in the manuscripts published posthumously as *German Ideology*, and in the *Theses on Feuerbach*. The human essence is replaced by the *social relationship*, abandoning

an individualist anthropologic outlook. The main category is that of *practice* (I avoid here the word ‘praxis’, because of too many Gramscian echoes). Science – as opposed to contemplative materialism, but also speculative idealism – is a *non-contemplative* science. The discourse of estrangement and alienation is abandoned, although traces of it remain. History no longer has a subject but is a *process without a subject*. It is still an empiricist perspective, which is really abandoned only in the 1857 *Introduction*. The ‘second reception’ of Hegel plays a role there. Marx now moves from the *universals*, about which he would side with *Aristotelian nominalism* against the Platonic position. The conceptual abstract is neither deduced from the empirical concrete (as in empiricism) nor reproduces the concrete (as in rationalism) but is ‘mediated’ in the social practice of which thought is part of. After analysis, synthesis ‘rises’ from the abstract to the concrete. There remains, however, a detachment from Hegel’s attempt to affirm a *knowledge without presuppositions* and a *parthenogenesis of the concept from itself*.

I will not say much about the important chapter five that opens the third part on the critique of political economy, where the reader is brought up to date on the history of Marx’s economic manuscripts,¹¹ after his move to London in 1850. Marx then abandoned the project of publishing a *critique of law* and restarted almost from scratch on the critique of political economy. What unites all these works, published and unpublished, is the rupture with the theoretical field of the classicals. What changes within this period, however, is the *architecture*: the overall structure, as well as the very way in which the categories are understood. Heinrich (rightly) criticises the idea, still widespread today, that Marx would share with Engels a dialectical ontology as a *universal doctrine of Being*. He also (correctly) distances himself from a conception of conceptual analysis as a *reflection* of historical development. More, Heinrich clearly opposes what he labels as *Hegelo-Marxismus*, according to which there is a structural homology between Marx’s critique of political economy and Hegelian absolute idealism. One does not have to digest Hegel (according to whom the Concept knows itself) in order to understand Marx (who instead deals with an external object). What Hegel and Marx have in common, if anything, is that in both authors the critique of the system is carried out through the exposition of its categories.

Given its incompressible richness, it is pointless attempting to summarise Heinrich ‘*minimal description*’ of *Marxian dialectics* and his account of *the fading away of the original plan in Six Books* formulated in 1857-58. This is also the case for Heinrich’s successful treatment of the progressive obsolescence of that opposition that was supposed to structure the exposition: the one between *capital in general* versus *many capitals*, which after 1861-63 is replaced by that other opposition between *total social capital* versus *individual capital*. Instead, I wish to highlight three outcomes. First: the term ‘essence’ now has a new meaning, referring to the categorical foundation that enables the phenomenal presentation to be understood. Second: the three volumes of *Capital* gradually end up anticipating much content of the planned books on Wages and Rents. Third and last: the opposition *capital in general-many capitals* precludes an adequate understanding of capitalist reproduction and the equalisation of the general rate of profit.

§2.3 The monetary theory of value: abstract labour, value, money

The crucial chapters presenting Heinrich’s interpretation and reconstruction of the critique of political economy are the sixth (on the monetary theory of value), the seventh (on the theory of capital) and the eighth (on capitalist dynamics). Here, too, I must limit myself to a shorthand of what is contained therein and invite the reader to taste for themselves the true gem that is how the Marxian itinerary is explored.

In the chapter on the *monetary theory of value*, Heinrich explores the categories of abstract

¹¹ These are the *Grundrisse* (1857-58), *A Contribution to the Critique of Political Economy* (1859), the *Urtext* (1858-59), and *The Economic Manuscript 1861-63*, plus the various preparatory materials for *Capital* (including the manuscripts about the *Chapter Six Unpublished*) which will form *Volume 3* and *Volume 2*, and finally the various drafts of *Volume 1*. These writings extend from the mid-1850s to the late 1870s.

labour, value and money, always remaining mindful of how they have been understood in the past and present. His mathematical training counts here in no small part. The ‘commodity vs. commodity equivalence relation’ within the set of commodity quantities is a conceptual construction proposed for the most general investigation of a *universal exchange society*. In the latter, exchange is the dominant form of social mediation. It does not express a *pre-monetary barter* as it was in the classicals and as it will be in both the neoclassicals and the Marxists. Marx’s question is: what is the *economic content* that can account for the aforementioned equivalence relation for the set of classes that include all commodities that are exchange values for each other? If it *cannot* be a physical/natural property of use values, only the property of being *labour products* remains. However, Heinrich rightly observes, this has in fact been assumed from the beginning, even if not stated. The economic content we are looking for is rather the *unity* within the commodity world constituted by a certain determinate character of labour, which is expressed through exchange value. What counts is not a determined concrete labour, but rather *abstractly* human labour. As *gelatines* of (abstract) human labour, commodities are values.

In a society of universal exchange – which is capitalist, as the first sentence of *Capital* declares – labours are *immediately* private. The sanction of their sociality is *a posteriori*, through money. *The very core of Marxian labour theory of value is the exposition of the specifically social qualitative form of labour.* The *quantitative* bringing back profit to unpaid labour, which old and new Marxism holds so dear, is *secondary*. According to Heinrich, the defence of the labour theory of value as a *theory of exploitation* transforms Marx into a *Ricardian socialist*. His approach is thus reduced to nothing but a critique of Ricardo that remains within political economy as such: a *moral* critique from an *idealised* view of bourgeois society. Exploitation, after all, is a phenomenon common to different social formations.

The *differentia specifica* of capital is the *nachträgliche Vergesellschaftung*: the *a posteriori* socialisation of separate and independent labours in exchange. It is in circulation that abstract labour and value *come into being*, when the product is confirmed as use-value *for others* and truly becomes a commodity. This gives way to a different notion of *socially necessary labour* ‘measuring’ the magnitude of value than that which is proper to the embodied labour perspective, since in this latter ‘socially’ refers to a *technical average*. In the new conception (which, as Heinrich recalls, was introduced by Reichelt in 1970)¹² what also counts is that the use values produced correspond to a *social need* represented by some monetary demand on the market. Without the *monetary ex post validation*, in exchange, products do *not* become commodities, labour contained remains *just* concrete labour, the abstraction of labour is *not* accomplished. The commodity, before and independently of circulation, is *not* an ‘objectuality’ (rendered in the following as objectivity) of value: a *Wertgegenständlichkeit*.¹³ The attribution of a price set in advance by the producers (referred to here as *price-fixing*) does *not* guarantee the eventual transformation into money, as it is based on expectations that may be unfulfilled.

The *real* abstraction of labour is only realised in the universal exchange of commodities (a point that was clearly stated by Colletti already in 1968, though Heinrich does not refer to that):¹⁴ i.e., in circulation, where immediately private labour must be *revealed* as a share of social labour. Value certainly has a quantitative dimension, in the *magnitude of value*. It is clear, however, that since the socially necessary labour, as defined above, is the originator of value, the *ascertainment* of the objectivity of value can only be achieved in circulation, because value is only *fixed* there. Before exchange, the private labour of ‘individuals’ is *incommensurable*. Those private labours, in my view, are the ‘collective workers’ commanded by capitalist firms (as Napoleoni clarified in 1972, a

¹² Cf. Reichelt (1970).

¹³ *Gegenständlichkeit* is the objectivity standing *in front of* human beings, as something which has its *origin* in the *processual* moment of labour as activity, ‘becoming’ objective.

¹⁴ In *Bernstein and the Marxism of the Second International*, later included in Colletti (1969a). The essay immediately received wide international acclaim.

reference once again missing in Heinrich).¹⁵ Money provides the measurement in terms of an abstract labour time, which is irreducible to clock time.

Heinrich confidently distances himself from naturalistic interpretations (such as Lippi's)¹⁶ and physiological interpretations of *abstract labour*. He also suggests (with considerable, but not all, justification) that Marx, especially in the late 1850s, *conflated* two quite different abstractions of individual labour that would exist in 'average' labour. The first is the abstraction *from skills*. We could place this type of abstraction alongside the conception of abstract labour as 'de-concretised', with reference to some Italian interpretations (which Heinrich, however, could not consider when he wrote the book) such as that of Finelli.¹⁷ The second is the abstraction of labour that is performed *exclusively* at the intersection of production and circulation. The real abstraction is the latter, not the former, argues Heinrich.¹⁸

What is reflected in 'circulation' is a determinate 'social relationship', which Heinrich always writes in the singular form. When he uses this term, I do not think he ever offers an explicit definition, but he always has in mind the *ex post* social validation of labours that *ex ante* have a private nature. As confirmed by the 1871-72 *Additions and Modifications – Ergänzungen und Veränderungen zum ersten Band des Kapital*: the text following the first edition, prepared by Marx in preparation for the second German edition and the French translation of the first volume of *Capital* – the 'objectivity of value' pertains *collectively* to all commodities, and cannot be possessed individually. The social form is acquired in the objective character of 'exchange value'. While it is only in final circulation that commodities become commodities and end up with value and the magnitude of value, it is *not because* of this exhibition of value against money (i.e., its expression as exchange value) that commodities possess value. It is not the universal exchange of commodities, by way of sale against money, that constitutes the foundation or reason, the *Grund*, of value. I think Heinrich is clearer those rare times when, instead of speaking of 'exchange' – a term that is in any case ambiguous, and which could be misinterpreted (as indeed has been done, repeatedly) by attributing to it a metahistorical meaning (as Redolfi Riva has pointed out) – he speaks of the *unity of production and circulation*. Logically, one is obliged to display the commodity as such *before* introducing money. However, the latter is the *only* possible form of manifestation and the *only* effective measure of value. The commodity *and* the magnitude of value only *exist* in circulation and are *simultaneous* with the commodity's price.¹⁹ Value is an *instantaneous measurement*²⁰ within circulation, a measurement that is possible only through money. However, it is not that value is 'created' there, but it 'becomes visible' there.

For the sake of brevity, I have had to anticipate some aspects of the detailed reconstruction of the analysis of the 'form of value' in Marx presented by Heinrich. I merely add two comments. The first of these is that Heinrich prefers the derivation of the *money-form* in the second edition to that of the first. In the first edition, the investigation concerns the *actions* of the commodity holders: it is separated from the formal analysis of the commodity, which instead considers the objective constraints that preside over those actions. This is not the case in the second edition. There, the

¹⁵ In the essay on *Abstract Labour, Exchange and Capital in Marx*, which collects two lectures given at the Fondazione Luigi Einaudi in Turin in March 1972, and included in Napoleoni (1973), which is the second edition of *Smith Ricardo Marx*. Essays from that volume, in both editions (the first was from 1970, and included essays on Marx that Napoleoni expunged from the second, given his new positions), as well as from the earlier volume *Lectures on the Chapter Six Unpublished* (Napoleoni 1972), were translated into German in the volume *Ricardo und Marx* (Napoleoni 1974), preceded by a useful introduction by the editor, Cristina Pennavaja.

¹⁶ Cf. Lippi (1976).

¹⁷ See Finelli (2014).

¹⁸ Among the many other Italian authors who have put forward the line of Marx's abstraction as a *real* abstraction of labour, in different terms than Finelli (without any acknowledgement from him), it is worth mentioning at least Napoleoni, in the volumes quoted above, and La Grassa (1975). Heinrich makes some reference to Sohn-Rethel's reflection on real abstraction, though his concept cannot be reduced to that.

¹⁹ For this and other reasons, Heinrich's interpretation and reconstruction are incompatible with the *temporalist* single system approach. About the latter, see Kliman (2007) for all.

²⁰ An expression by Michel De Vroey (1981), which Heinrich in these pages adopts but qualifies.

universal form of value – which *excludes* a commodity from the rest of the commodity world, making *its* body the expression of value as *something* common to all of them – and the *money form* are *both* derived in the same first chapter. This raises concerns about a possible duplication of the derivation of the money form in the first and second chapters.

The second comment I would add is that Heinrich is fully aware that for Marx money is *embodied in a commodity*: that is, the bearer of the universal value form is a commodity – i.e., money is a *product of labour*. This is for him just an *assumption* that can and should be dispensed with. Marx was misled by the payment system of his time and unduly transferred an accidental historical circumstance into the necessary categorical succession. All commodities are situated in the value relation through the universal equivalent. This would be possible *even with non-commodity money*: i.e., with money as a mere *sign of value*, ‘something’ *without any value of its own*. On the other hand, Marx himself makes it clear how money, from its function as a *means of circulation*, is replaced by money as a *substitute* for the former. It is only in *money as money*, in particular as a *means of payment*, that money can become an end in itself. This too, however, recedes into the background in the second edition. In the crisis of the global market, Marx argues that *money as a commodity* is the absolute *materialisation* of abstract wealth as *world money*.

§2.4 The theory of capital: labour-power, transformation, interest-bearing capital, and credit

On the theory of capital, Heinrich confines himself to its *fundamental traits*. Contrary to much recent literature (Marxist or feminist),²¹ of which he provides an excellent synthetic survey, Heinrich does not seem to have much trouble qualifying labour-power as a *commodity* (to be understood as ‘what is bargained on a market’), and as a very *special* commodity (throughout its use, it is possible to generate what can be actualised as value in circulation, and thus also to obtain surplus value in excess of variable capital). Its value is regulated by subsistence (which has a historical-moral character, and hence it is co-determined by social conflict). Exploitation is ascertained *by combining* the sphere of circulation and the sphere of production, with no primacy of the latter in the capitalist totality.

Regarding the *transformation of values into prices*, Heinrich reviews Marx’s argument, showing the fallacy of his solution (which for some might rather be considered as simply incomplete). He summarises the debate from Bortkiewicz to Winternitz, and from Seton to Sraffa, pointing out the weakness of the defences put forward against the charge of redundancy raised, from opposite sides, by both Samuelson and Steedman.²² And rightly so. The author also considers – here perhaps too schematically – the literature after the 1970s, in particular the *New Interpretation* of Foley, Duménil

²¹ The author dissolves many of the confusions in the so-called “social reproduction theory” literature, without dispensing with its positive contributions. *Domestic labour* – and, I might add, *Care labour* – is *not expended in simple or capitalist commodity production processes*. In the first volume of *Capital*, Marx only investigates the antagonistic division of the labour producing capitalist commodities. In social reproduction, *no mobility of labour is possible*. Nor it is conceivable to permanently cease domestic and care work: which in fact, I may add again, one cannot see why it should be relegated to the female gender, if not by virtue of patriarchy. This would jeopardise the reproduction of the labour force, and not only that. The fact that domestic and care labour is *not* directly productive of (surplus) value does not mean that the process of ‘(re-)production’ of living labour power should not be investigated as a *vital moment* of the economic and social process. Nor it means that domestic and care work should not be considered contributing to a *broadier* definition of *necessary labour* at a more concrete level of abstraction, including the unpaid component of it alongside the paid one. The ‘liberation’ of women from domestic labour and the ‘commodification’ of a range of social reproduction activities – in many respects, something to be welcomed – can increase their productivity and include women in capitalist exploitation. The effects are contradictory: one example is the increase in the rate of surplus-value, as the costs of subsistence are now shared among more family members.

²² For most of the references to the debate, see Heinrich’s bibliography. Here I will only refer to Steedman (1977). These authors had been anticipated in the mid-1960s by Claudio Napoleoni regarding the charge of redundancy (e.g., in Napoleoni 1966). The issue was then developed in his introduction to an abridged Italian edition of Sweezy’s *Theory of Capitalist Development* (see Napoleoni 1970), a book which had already been published by Einaudi in 1951.

and Lipietz.²³

For Heinrich, there is no quantitatively determined value system except *concomitantly* to the quantitatively determined price system. It will come then as no surprise that he reaches two conclusions. The first is that individual prices and individual values are *not* comparable, and that these latter *cannot* precede the former. The second is that *if* socially necessary labour is to be understood according to the technical definition alone, then the redundancy critique of the Marxian dimension of value must be *accepted*. Heinrich provocatively suggests that the aforementioned objections can be argued against Marx's own solution in Volume 3 of *Capital*. A *pre-monetary* value theory is entirely *unnecessary* to determine the *pre-monetary* prices of production. Instead, value and surplus value are essential, not so much for the calculation, but for the *understanding* of the categories of price and profit.

Something of considerable interest to the Italian reader - who does not yet have available in our language the original manuscripts of Marx's third volume, which were rearranged, sometimes heavily, by Engels - is the presentation in this book of *interest-bearing capital* and of *credit*. Heinrich effectively shows how credit and banking are in a relation of *functionality and contradiction* with industrial capital. The author refers to the reasoning in *Capital* volume 3, in pages that Marx himself labelled as 'confusion'. From money as a means of payment one arrives at *money dealers*, and from banks as *intermediaries of saving* one arrives at *bank credit granted with collateral*, which enables to provide *additional capital* to working capitalists. Credit is essential to the levelling of the profit rate, and it increases the *elasticity* of capitalist production. However, credit is also the *lever of overproduction* and leads to what today would be called 'speculative' and 'ultra-speculative' positions. As Heinrich makes abundantly clear, these manuscripts are neither systematic nor rigorous, being only preliminary and provisional.

What Heinrich finds useful for his *reconstruction* in these manuscripts seems to be the following. First: that credit money, whether banknotes or deposits, consists of *substitutes* that act as money. This explains the 'multiplication' of money and bank credit. Second: that rights to a participation in earnings, through bonds or shares, may be representative of capital. Through the discounting of future earnings, the illusion arises of 'value creation'. This is *fictitious capital*, which is highly speculative. Third: that contrary to what Marx believed, the *reversal* of a credit crisis into a monetary crisis, i.e. the *annihilation* of the pyramid of money substitutes, need not take us back to money as a commodity. Any form of money that can be set aside and act as *hard cash* may become the absolute form of existence of value. Fourth, and finally: that the credit and banking system now assumes a directive function.

This is a far cry from monetary analyses such as those of the classicals and neoclassicals, but also of many Marxists, for whom money is 'neutral', or at most a disturbing factor. On the contrary, for Heinrich (and here I agree with him) Keynes' *causality*, which proceeds from the interest rate, as a constraint on the attainment of a minimum profit rate, onwards to investment, production, and employment, is compatible with Marxian theory. Hence the (correct) conclusion: it is erroneous to see in monetary crisis merely an *epiphenomenon* of the real crisis. Sensibly, Heinrich's Marx nowhere writes that the investments of the current period are tied to the profits of the previous period.

§2.5 The dynamics of the capitalist mode of production

The eighth chapter is devoted to the *dynamic* aspects of the theory of value. It contains a critical examination of the supposed 'law' of the tendential fall in the profit rate (rejected by the author), an in-depth treatment of the demand crisis (the so-called realisation crisis), and a refusal of any form of

²³ See Duménil (1980; 1983) Foley (1986), Lipietz (1982). In Italy this perspective has been referred to in different ways by myself (though with some critical distance), and by other authors (more internal to that perspective) such as Perri (1998), Gattei (2011), Veronese Passarella (2009). An important role was also played by a non-academic scholar, Dario Preti.

theory of collapse. Heinrich's main thesis is that, from the most general and abstractly theoretical point of view, the capitalist system is *inherently* subject to the *recurrence* of not only conjunctural, but also *structural* crises. Marx assumes that capital, as the boundless (*maßlos*) and infinite movement of valorisation, is endowed with an inherent internal drive to qualitative change.²⁴ Accumulation is due to the establishment of a *specifically capitalist mode of production*, which involves the introduction of increasingly sophisticated machinery. Heinrich mentions, without much elaboration, the push for innovation due to the hunt for extra-surplus-value in chapter 10 of the Volume 3. Here I find questionable Heinrich's *relegation* of chapter 10 of Volume 1, concerning the *struggle* for an *extra-surplus-value*, to a subsidiary and ancillary construction for didactic purposes.

Heinrich is mostly right to dismantle the confused Marxian discussion of the *composition of capital*. Only the *value* composition is meaningful. By contrast, the quantitative status of the *technical* composition, which compares incomparable quantities, is dubious, while the significance of the *organic* composition is quite uncertain. This latter concept should translate the physical variations of the technical composition into the value dimension. The basic problem, however, is that there may be a *qualitative* rise in the technical composition that is expressed in a *quantitative* fall of the composition in value terms. Moreover, Heinrich finds the concept of the 'average composition' nonsensical. Understandably, the tendential law of the falling rate of profit does not fare very well either. This is a *theoretical* law, not a *factual* prediction. Heinrich, in dissecting its various versions, makes it very clear that there is no way to prove it *in principle*, as should be the case for a 'law', even a tendential one. On the contrary, he writes, it is even more plausible that the trend is *upwards*. By the second edition of *The Science of Value*, Heinrich had become convinced that Marx himself abandoned it as early as in *Capital* Volume 1. A confirmation comes from his mathematical notes from the 1870s, which affirmed that, considering the relationship between the various ratios, the profit rate can in fact move *in any direction*.

As far as the interpretation of the varied archipelago of Marx's crisis theories is concerned, Heinrich argues not only that there is no unitary exposition, but also that credit is not integrated into the general scheme, as it should be. The author advocates a distinction between the *small* 'conjunctural' crises, or *cyclical crises*, and those *large crises* evidencing a 'structural' rupture, or *general crises*. These latter require, to be overcome, the formation of a *new* model of accumulation and a *new* system of regulation. In other words, transformations in institutional, monetary-financial, technological, social conditions must be explored (also, one might add, in the conventions in economic policy).

Examples of *major crises* are: the *Long Depression* that began in 1873; the so-called *Great Crash* of the 1930s; the *Great Stagflation* of the 1970s (which Heinrich attributes to the 1974/75 price hike in oil); the *Great Recession/Great Financial Crisis* that erupted in 2007 (which is obviously not dealt with in this volume, since both the first and second edition were written before its occurrence). An important argument (one with which I agree) is that one must go beyond a merely logical reading in the theory of crisis. In the case of the Great Crises, there is a need for an investigation at a *lower level of abstraction*, because *the historical evolution of capitalism* matters. Structural crises should be studied at the level of the world market. One must also consider not only the *destruction* of the old equilibria, but also the *generation* of new configurations, as well as the interaction with financial developments: something that Marx was unable to study thoroughly due

²⁴ As indeed did Schumpeter, who similarly to Marx had an approach in terms of a *monetary analysis* versus an approach in terms of *real analysis* (notions clarified in Schumpeter (1911; 1954). The Austrian economist was one of the most sympathetic interpreters of Marx, proposing a non-equilibrium interpretation (cf. Schumpeter 1942). Schumpeter is an author systematically misunderstood by Heinrich in *The Science of Value*, where he is reduced to a neoclassical merely interested in the deviations from the general economic equilibrium that would remain his primary point of reference. This is a misunderstanding that comes at great cost for Heinrich's own reconstruction, but I cannot deal with this here. I will, however, mention some of the monetary aspects of Schumpeter's later system. See Schumpeter (1970 and 1996).

to the immaturity of the capitalism of his time.

Heinrich mentions the (all too famous) version of breakdown theory included in a ‘fragment’ of the *Grundrisse*. According to the latter, capitalism would tend towards collapse because *concrete* wealth no longer depends on the direct labour employed in production, but rather on the *General Intellect*. These are pages that have been much celebrated, especially by workerist and post-workerist thinkers. This prognosis, however, disappears in the *Economic Manuscript 1861-63*, and is implicitly criticised in *Capital*. The domination of intellectual powers over living labour that is typical of the specifically capitalist mode of production leads to the minimisation of labour time, and thus of the magnitude of value in the case of the *individual* commodity.

Marx would later show that this is not at all at odds with the maximisation of surplus-value contained in the value product at the *systemic* level. Beginning with the abstract tendency to crisis that is characteristic of a monetary economy due to the possible separation of buying and selling, Marx tries several times to sketch out a crisis of *under-consumption*. It is not possible, however, to enlist in this outlook the ‘schemes of reproduction’. What is certain is that the schemas of reproduction do not at all configure a growth model walking on the razor’s edge between growth and instability. Rather, they simply define the requirements of proportionality between branches allowing reproduction, when in fact those equilibrium conditions are constantly reshaped by the *morphological change* of the system.

On the *reconstructive* ground, Heinrich’s proposal regarding crisis theory is clear. An opposition is identified in capitalism between a tendency towards the *unlimited drive toward exploitation and growth* on the one hand, and *the limited possibilities for consumption of the masses* on the other. Consumption is ultimately restrained by the fact that accumulation squeezes the solvent demand of wage earners (we may recall a point which the author disregards, i.e. Rosa Luxemburg speaking in her *Introduction to Political Economy* of a *law of the tendential fall in the relative wage*). It is investment demand that specifies the ratio between production and consumption. It is to investment demand and not to consumption demand that Heinrich ascribes the occurrence of crises. *Investment falls due to insufficient prospects of future valorisation* (once again the author does not refer to an important precedent of a very similar argument along these lines: Joan Robinson’s interpretation of Rosa Luxemburg’s *Accumulation of Capital*).²⁵ In this theoretical section on crises Heinrich employs formulations that seems to be at odds with his monetary theory of value, as when he writes that there is a contradictory relationship between exploitation and the conditions of its *realisation*.

Heinrich’s conclusion is that the crisis theory inherited from Marx must be regarded not only as *incomplete*, but also and above all as *systematically insufficient*. It is not possible to deal adequately with the crisis at the high level of abstraction in which it is discussed in *Capital* and the other economic writings. It is also clear that a theoretical scheme of the kind Heinrich presents in this section breaks the cage of the rigid equilibrium-disequilibrium dichotomy: that is, the demarcation on the basis of which classical and neoclassical growth theories, as well as the canonical interpretations of crisis and collapse in Marxism, have been erected.

§3. Michael Heinrich’s Science of Value in the debate on Marxian theory

In this section, I suggest how to locate *Science of Value* within the long history of the fortunes and misfortunes of the economic aspects of Marxian theory.

Heinrich was born in 1957 in Heidelberg. He was educated in the early 1970s and began reading Marx in 1971, at the *Gymnasium* in Mannheim. He initially focused on mathematics and theoretical physics. He studied at the Freie Universität Berlin, where he presented a thesis in mathematics (on field equations in the theory of general relativity) as well as in political science (on developments in

²⁵ See Robinson (1951) and Luxemburg (1913). This is perhaps the point to note, with some surprise, that Kalecki’s name *never* appears in Heinrich’s volume. Probably because he wrongly considers him to be part of the generic aggregate of post-Keynesian thought (sometimes actually indigestible).

the Marxian concept of capital). He preferred to study slowly but thoroughly, and his attendance at the university lasted ten years, up until 1986. In 1991, he presented his doctoral thesis, consisting of the first edition of *Science of Value*, under the supervision of Elmar Altvater.

His first serious study of Marx took place a few years after 1968 in Germany. By then the student movement was already a far cry from the one that a few years earlier had stimulated an interest in the gnoseological and methodological aspects of Marxian theory, and had taken the first steps towards a different reading of Marx's economic writings (the names of these scholars that come to mind are pupils of Adorno and Horkheimer: Alfred Schmidt, Hans Jurgen Krahel, Hans Georg Backhaus, Helmut Reichelt).²⁶ Heinrich steered clear of small parties and groups with an authoritarian structure, identifying instead with the 'non-dogmatic left'. This is the point of view of those who were convinced of the possibility of criticising state socialism with Marxian categories. His contributions in the 1980s were initially developed within the attempt to *reconstruct* an interpretation of 'Marx according to Marx'.²⁷ By the time he published his doctoral thesis in the early 1990s, however, feminist and ecological critiques had already emerged. In this context, his position had meanwhile changed, with Heinrich no longer believing that the coherence of the critique of Marxian political economy could simply be reclaimed. These biographical hints serve to situate Heinrich's early studies within the discussion that preceded and accompanied him.

The discussion of Marx prior to the 1960s had mainly focused on two controversies in the late 19th and early 20th century. The first centred on *the theory of value as a theory of relative prices*, within the paradigm of equilibrium, and thus on the transformation problem in Volume 3. The second concerned crisis *theory* and revolved around the reproduction schemes in Volume 2. This debate was about whether a breakdown theory, that implied an economic collapse, was theoretically necessary. It compared the 'harmonicism' of Tugan-Baranowsky and the so-called (and misnamed) 'underconsumptionism' of Rosa Luxemburg, with Lenin and Bukharin, who had insisted instead on 'disproportions'. The discussion on the tendential fall in the rate of profit came in the late 1920s with Grossmann and was later developed by Mattick sr. and others.²⁸

The theory of value as a theory of individual prices rested on a concept of *socially necessary labour* exclusively as a *technical average* and on an understanding of value as an *equilibrium* category. Reproduction theory was based on the *rigid opposition between growth in equilibrium and disequilibrium*, leading to instability and collapse. In both price theory and in reproduction theory, *money played no essential role*. The *traditional Marxism* of Dobb, Sweezy, and Meek²⁹ was the dominant view in Marxism in the early 1960s, while in that same decade Sraffa's *Production of Commodities by Means of Commodities*, at the origin of neoricardian price theory³⁰ was published, soon perceived by most as a *physicalist* approach to surplus. Both perspectives seemed in continuity with earlier discussions in Marxism. In both, however, the analytical formulation was more rigorous and capable of a dialogue with the marginalist mainstream. Thus, it was not uncommon to see neoclassical economists like Samuelson or Morishima intervening on Marxian themes.³¹

Heinrich's standpoint stands in direct antithesis to Traditional Marxism and Neoricardianism, which are *pre-monetary* approaches. At the same time, Heinrich's outlook has an original character, compared to later Marxism, but also many contrasts. Before discussing the new approaches and the disagreements with Heinrich, it is useful to identify a couple of the points of traditional Marxism

²⁶ Schmidt (1962; 1967; 1971), Krahel (1973), as well as the already mentioned Backhaus (1969) and Reichelt (1970). In this part of the Introduction – which contains a sort of telegraphic review of the secondary literature, in order to better situate Heinrich's position in the debate – I highlight above all the contributions that appeared between the end of the 1960s and the beginning of the 1990s. The reason for this is that this period corresponds to the formative years of the theoretical discourse of the author of this volume: and as I am slightly older than him, also my own. It goes without saying that many significant authors are not referenced here, for which I apologise.

²⁷ The expression is evidently from Luporini (1974), whom Heinrich shows to be familiar with.

²⁸ Grossmann (1929), Mattick (1969; 1974).

²⁹ Cf. Dobb (1937; 1967), Sweezy (1942), Meek (1956).

³⁰ Sraffa (1960).

³¹ Cf. Samuelson (1960; 1971); also, Morishima, alone (1973) and with Catephores (1978).

and of neo-Ricardianism that the return to Marx of the late 1960s challenged. A first point was that abstract labour was interpreted as a *mental generalisation*, and value as a substance of a *technical-material* nature: a labour ‘expenditure’, ‘embodied’ into the *individual* commodity, a quantitative amount which is already fixed *before* exchange. The second point was that Marx was read as proposing a method of *successive approximations*. An antecedent had been Engels’ historical conception of ‘simple commodity production’, where exchange is regulated by labour-values. In this outlook, the emergence of capitalism was seen as a transition to exchange at production prices (and so transformation was dealt through an ‘historical-logical’ procedure). The theory of value was mistaken by some for a natural law that would apply universally, unless modified; by others the 3 volumes of *Capital* were interpreted as a series of analytical models, each of which would lead to an approximation to capitalist reality that is more complex and concrete than the previous model.

As already mentioned, it was easy for the neoclassicals and neoricardians to counter that the two approximations collapse into one another, so that ‘value’ is simply dissolved as an independent concept. After all, Lippi’s imputation of *naturalism* to Marx and Steedman’s indictment of *redundancy* has their roots here, with Marx portrayed as a ‘minor Ricardian’. This bonding of Marx with Ricardo was also present in Garegnani’s view³² of prices as *actual* centres of gravity (in contrast with Pasinetti,³³ where they are just ideal points of reference, without necessarily any gravitation). A similar take can be found in the new approaches since the 1970s and 1980s: see the role of the *long-run method* in Shaikh and Foley. In the meantime, a new Marxism had come forward: in Italy (first with Lucio Colletti and then Claudio Napoleoni; but the contributions of Marina Bianchi, Luporini, Banfi, Carandini, Vianello, Messori should not be overlooked, and also Marramao, or more recently Finelli and Fineschi);³⁴ in Germany (Backhaus, Reichelt, Altvater, Ganßmann, Kurz);³⁵ in French (de Brunhoff, Benetti, Cartelier, Aglietta, Lipietz, de Vroey, Duménil, Salama; more recently Bihr, Tran Hai Hac);³⁶ or in English (Rowthorn, Pilling, Gerstein, Desai, Fine & Harris, Himmelweit & Mohun, Clarke, Elson, Bonefeld, in England; Shaikh, Foley, Harvey, Brenner, Postone, in the United States).³⁷ The work of the *International Symposium on Marxian Theory*, of which Roberto Fineschi and I are also members, should obviously be mentioned, although the group (one of the latest incarnations being Moseley, Arthur, Reuten, Smith, Murray, Campbell, Mattick Jr., Taylor) is very divided internally on both Marxian theory and questions of method.³⁸ Between Australia and Germany lies the contribution of Eldred, Hanlon, Kleiber, Roth, which individually had its most substantial outcome in a book in Italian

³² Garegnani (1981).

³³ Pasinetti (1989).

³⁴ For Colletti, Napoleoni, Luporini, Finelli and Fineschi, see the works already cited in this Introduction. For Banfi, and for the Italian discussion in general, see the works cited in Bellofiore & Redolfi Riva (2019). See also Vianello (1970), Carandini (1971), Bianchi (1972), Càfaro and Messori (1980), Messori (1981, 1983, 1984), Marramao (1973, 1974). Then there would be the ‘workerist’ galaxy (hence, first of all, Panzieri, Tronti, Negri), on which see the best book on the subject by Steve Wright (2002), the Italian edition of which was edited by Massimiliano Tomba and myself.

³⁵ I have already referred to the publications by Backhaus and Reichelt. For Altvater, cf. the works cited by Heinrich. See also Ganßmann (1981, 1983, 1998) and Kurz (2016). The studies by Tuchscheerer, Rosdolsky, Vygotsky, and Zelenyi should be mentioned, for which I refer to Heinrich’s bibliography (they were all translated into Italian, except the last one). On the path from Adorno and Horkheimer to Schmidt, Backhaus, Reichelt, cf. Bellofiore (2018b), chapters 1 to 4.

³⁶ See: de Brunhoff (1967; 1976), Benetti (1974), Benetti & Cartelier (1980), Salama (1975), as well as the already mentioned Duménil, Lipietz, more recently Bihr (2005). De Vroey should be mentioned, not only for the chapter I have already recalled, but also for De Vroey (1982). De Vroey (1985) and Lipietz (1985) were two important (and differently oriented) surveys which were both published in a collection edited by Chavance. They showed the exhaustion of the prior surge of interest on Marx’s abstract labour-value theory, not only in France.

³⁷ See Rowthorn (1974), Pilling (1972), Gerstein (1976), Fine and Harris (1979), Himmelweit & Mohun (1978; 1981), Elson (1979), Clarke (1982, 1994), Saad Filho (2001), Bonefeld (2014). Mohun then moved from a broadly Rubinian position to the *New Interpretation*: cf. Mohun (1994). Bibliographical references have already been provided for Foley, Harvey, Brenner, Postone and Shaikh.

³⁸ Moseley (2015), Arthur (2004; 2022), Reuten (2019), Smith (1990), Murray (1988, 2016), Mattick jr. (2018). See also Moseley and Smith (2011).

edited by Emilio Agazzi, who also translated Backhaus.³⁹ These were also the years of the rich debate around the labour process, springing from Braverman's book, followed by many others.⁴⁰

It is of course impossible to derive a consensus from the discussion. The emphasis in many of these authors is on *capitalism* as a *unique and historically specific social form* and the *questioning of the equilibrium paradigm*. Marx's crucial categories cannot be interpreted within the framework of some 'natural' law regulating labour allocation or equilibrium pricing. For some, but not all, of these authors a '*practical*' *abstraction of labour* is effected through the real subsumption of labour to capital, having its centre in production. Abstract labour has gained a social dimension *prior* to final circulation, at least in its *latent* state. These alternative strands had to confront the problem Heinrich rigorously insists on: what makes labour *commensurable* within production, before circulation? And what truly is the 'real' abstraction of labour? His answer is that production is the *world of the concrete, the private, the incommensurable*. Circulation is the *world of the abstract, the social, the commensurable*. Between the two worlds, *there is no bridge*.⁴¹ Heinrich severed the Gordian knot by expunging any reference to labour as already 'abstract' in production, thereby relegating the existence of abstract labour to circulation alone. In truth, Heinrich is suspicious about the category of 'real abstraction' itself. Benetti and Cartelier had arrived at similar conclusions in the past, but they were more radical and decided to break with the theory of value in 1979-80, after an earlier Marxian phase witnessed by their previous contributions in the *Intervention en économie politique* collection.⁴² The same conclusion was reached by Aglietta and some *regulationist* theorists, more or less in the same period.

A mutilated translation of the third edition of Rubin's *Essays on the Marxian Theory of Value* became available in English in 1973: it was amputated of a long introduction and of the important essays in the appendix with answers to his critics. The book was translated in German at about the same time, with the further omission of an initial part, and into Italian in 1976. Too late to really make an impact. On Rubin, in particular, Heinrich makes a curious slip. He cannot be unaware that the problems he is posing are the same as those that plagued the Russian economist. Nevertheless, he qualifies the latter's efforts somewhat ungenerously, calling them 'artificial'. He quotes Rubin's book by dating it 1924; however, this is the date of the *second edition* (the first was in 1923). Interestingly, there Rubin is more markedly 'circulationist' in his approach, and brings value back to the *moment* of exchange as such. That edition was not then available in the West. The translation (also in German) is, as mentioned, from the *third edition* (1928). I guess that Heinrich read the third and not the second edition.

In 1927, *between the second and the third edition*, Rubin answered criticisms, arguing that to have value in the full sense of the term one must integrate the *content* of value with the *form* of value. The determination of value refers to the *unity* of content (i.e., labour) and social form (value). The content, it is argued, does *not* represent something to which the form attaches itself *from the outside*. Rather, *it is the content itself that in its development gives rise to the form*. When we take as starting point not the finite form, value as a determinate social form, but the content itself from which the form must necessarily arise, *we must include in the concept of labour the social form of its organisation as it is given in commodity production*: i.e., we must recognise abstract-universal labour as the hidden content of value *already* in production.

³⁹ See Eldred, Hanlon, Kleiber, Roth (1984).

⁴⁰ Heinrich does not seem to consider this relevant for the theory of value and accumulation. The Italian reception almost stopped at Braverman's great volume (1974), which is, however, full of problems (clear already in the subtitle). The work was widely disputed in the following two decades in Anglo-Saxon and French interventions: but not in Italy, with very few exceptions. A survey is Thompson (1991). I take the opportunity to remember the interventions on *workers inquiry* by Vittorio Rieser, and more recently by Matteo Gaddi in the *Quaderni Rossi* tradition.

⁴¹ This is a central point of Backhaus and Reichelt's critique of Heinrich in their 1995 review (for details of the reference I refer to the author's bibliography in this book).

⁴² In the following decades, there is - especially in Cartelier - an interesting attempt to recover themes and questions of Marxian value theory *outside* value theory. See Cartelier (2016): labour can have no place in economic theory if wage labour is not thought outside equivalent exchange, and the money wage is representative of a monetary subjection.

Rubin's message is that abstract labour is *latently* already present in production *before* the final circulation of commodities. Abstract labour does indeed only *exist* in 'exchange', he writes, but this latter is to be understood no longer as a 'moment' but as the *totality* encompassing production and circulation. In this way, Rubin endeavours to maintain Marx's movement of expression *from the inner to the outer*. In his *Essays on the Marxian Theory of Money* of the second half of the 1920s – only recently printed in the original Russian, and translated in German and English – he writes that, before the final metamorphosis of value within the circulation of commodities, 'value-as-content' (i.e. labour) is *monetarily pre-formed* by 'value-as-form': ideal money that must materialise into real money ('absolute value'). The limitation of its reasoning, as I interpret it, is that it is decisively grounded on the assumption of *money as a commodity*. We will come back to this later.⁴³

§4. Open issues: suggestions for an alternative interpretation and reconstruction

As the reader will have guessed, and as I have often pointed out in the account of his book, there is broad agreement with Heinrich on my part. Certainly, on the *reading* of Marx and his *ambivalences*. So too on the definition of what appear to be *contradictions* in *Capital* (with a reference to the many drafts from the *Grundrisse* onwards). I find his position in the debate on method of great interest, and his reading of the classicals and neoclassicals has considerable insight and depth. In this third part, however, I will engage in a *sympathetic critique* of the theses advanced in *Science of Value*, both with regard to Heinrich's 'interpretation' as well as to his 'reconstruction' of Marx.

I will again have to be very concise in my argument, if not short with its length. I warn the reader that what I mean by 'critique' is not so much pointing out flaws, categorical errors or contradictions in the other. This I call the attitude of *criticism*, which intends not to engage in a dialogue, but purely and simply to posit an opposition. Instead, I intend to put forward a 'critique' *according to Marx's sense*, which means recognising the *inner truth* of the position with which one is in dialogue. The intention is, if anything, to overcome what is considered incomplete or limited. In other words, to *maintain* what is internally valid, while proposing an alternative reconstruction that goes *beyond* and not simply against. After all, this is precisely what *Science of Value* does with Marx, and so is its greatest merit.⁴⁴

§4.1. Beyond the epistemological trap

As far as the discussion of method is concerned, I fear that Heinrich is partly caught in what I would call *epistemology as a trap*. Heinrich distinguishes himself from the traditional positions that divide the field: on the one hand, the thesis according to which the true theory is the one that somehow corresponds to an extra-discursive object (*correspondence theory of truth*); on the other hand, the thesis according to which the true theory is the one whose statements are consistent with a set of true statements (*coherence theory of truth*). Both these theses share the starting point: the opposition between a *knowing subject* and an *object of knowledge* (often identified with the *external real object*), which are assumed to be *independent* in their opposition and *pre-constituted* to their relationship.

The two positions share what could perhaps be described in Althusserian terms as a common 'theoretical field': that of the 'justification' of truth, as a necessary presupposition *external* to the discourse that one is willing to ground. It is the search for *the* method: before, and separately, from the individual sciences. Heinrich understands that a *universal* and *prescriptive* criterion for *demarcating* science from non-science is not sound. Even Popperian *fallibilism* is of this kind – a

⁴³ See: Rubin (1926-28, 1927, 1928). On Rubin, see chapter 8 in Bellofiore (2018b). A variorum edition and a new translation is going to be published by Brill edited by Susumu Takenaga.

⁴⁴ In what follows, I can only refer implicitly to my earlier writings. Here I only name Bellofiore (2018a, 2018b) and Bellofiore (2020), in particular chapters five and six.

point perceived by Popper himself, who escaped this difficulty by taking a conventionalist perspective. Popper's merit is that he at least sees science as a *permanent revolution* and so is immune from the vice of *dogmatism* that reappears again and again after and against him.⁴⁴

The continuation of the discussion on method – to which Heinrich devotes perhaps too much attention: the reason may be that in economics and social science, the *querelle* about method was raging in the years of our *Bildung* – does not alter these conclusions. Rather, it shows how *internal* criticism of Popperism has dissolved it, because they failed to solve its aporias, unable to find a way out of the traditional problematic of epistemology. Kuhn's shifting of the discussion from the *context of justification* to the *context of discovery* seems to introduce history into epistemological reflection through the notions of 'scientific revolution', 'paradigm', 'normal science'. At the end of the day, however, this is more a psychology and sociology of research, largely arriving at conventionalist outcomes not unlike those of Popper himself. Nor does the methodology of Lakatos' *research programmes* escape this destiny either. Feyerabend's critique of methodology turns out to be self-destructive, since it designs in a contradictory manner an anti-methodology of *anything goes* which is nothing but the photographic negative of what it challenges. The price paid is the abandonment of any notion of *objectivity* – which is something other than the claim to 'truth' and 'absolute knowledge', for which I have no nostalgia.

Heinrich is thus right to move towards a *critical epistemology* on a radically altered basis: where subject and object of knowledge could be determined only together, moving *from their interaction*; and where justification and method are *internal* to the theory. The problem is that he always remains within a speculative and discursive horizon where – except for a few declarations, which remain isolated in the book – its *practical* and *experimental* relationship with the real object as distinct from the object of knowledge is not considered part of science. I am rather in favour of the line which was attempted, within Althusserianism and referring to Bachelard, by authors such as Lecourt, or even more by Wal Suchting.⁴⁵ This latter Australian philosopher offered a new translation and interpretation of Marx's *Theses on Feurbach*, focusing on the Second Thesis. Outside of Marxian philosophical discussions, I think the best example of this view (which actually *dissolves* assuming 'method' as an external presupposition) is Ian Hacking with his contrast between a *realism of theories* and a *realism of entities*.⁴⁶ Here we are in the presence, let it be said in parentheses, of an approach that is difficult to digest within a Hegelian vision, but which nonetheless can recover significant aspects of Hegel's *Science of Logic* as *logic of science*.

§4.2. Another view of the Classics

Regarding the section on classicals and neoclassicals in economic theory, it must be said at the outset that it is peculiar how Heinrich, who so commendably pays attention to the ambivalences and inconsistencies in *Marx*, does not admit or recognise them in *other* currents of economic thought. It is undoubtedly true that in Smith, 'labour' is the dimension where the isolated man struggles against natural scarcity.⁴⁷ It is not true, however, that there is no social and historical characterisation of categories in his thought. The exchange of goods is precisely due to a natural propensity of human beings to be *in relationship* with others, a natural propensity that originates in *language* and *reason*. This natural *and* social propensity is fully realised *only* in history, with the advent of a universal commodity exchange society, hence with capitalism. In other words, the natural is achieved in

⁴⁵ See Lecourt (1972) and among the many relevant works of Wallis A. Suchting at least Curthois, Feyerabend, Suchting (1977) and Suchting (1979).

⁴⁶ *Representing and Intervening*, the title of Hacking's book, is already a programme: Hacking (1983).

⁴⁷ The *temporary* overcoming of scarcity is a crucial concept for reading all economic theory from Smith to Ricardo and Malthus, and then to John Stuart Mill. Capitalism is, however, heading for a *steady state*, and in this there is no apologetic vision. The manufacturing (technical) division of labour does not change much of this individualistic and naturalistic view of labour, although it certainly contributes to increase its productivity, thus creating for the first time the conditions for a true 'society', at least in the field of exchange and consumption. For the considerations made here and below on Smith, see chapters 2 and 3 in Bellofiore (2020).

history as a *result* of the generalisation of commodity circulation. This will be expressly denied by the neoclassicals, and Heinrich is wrong to assimilate them into a single view.

It should also be considered that in Great Britain the fulfilment of the ‘potency’ of the social nature of human beings with capitalism is nothing more than a fortunate and temporary *accident* for Smith, destined to dissolution in a stationary society. But there is more. For the Scottish economist, capitalism has the virtue of turning *beggars* into *working poors*, but only if *masters* are forced into a condition of free competition. This, and nothing else, is the much-vaunted *invisible hand*.⁴⁸ The anthropological ideal of Adam Smith does not at all lie in Manchesterian capitalism, which is *unnatural* for him; rather, it is to be found in that historically possible but hitherto unexplored path which could be pursued in the New World, where being a subject of exchange is not in contradiction with being a free owner and a free farmer. There, Smith hopes, the agricultural labourer can be immune from the evils of specialisation. Utopia, certainly: but not, or at least not entirely, the Smith drawn by Heinrich.

Between Smith and Ricardo there is an historical leap which very often goes unnoticed, at least in the treatment of non-specialists. In fact, they are really *two different worlds*. Ricardo’s is much darker and more pessimistic – or if you like, realist and cynical, first and foremost regarding the conditions of workers. Certainly, in Ricardo’s case, much of what Heinrich writes can be agreed upon.⁴⁹ And it is certain that Ricardo’s interpretations, both by neoclassicals and Sraffians, have turned a deaf ear to the immediate contradiction that is well highlighted by Heinrich. Labour – the *difficulty of production*, in its technical-material aspect of labour *embodied* within the individual commodity – must be *immediately* considered as subject to the systemic capitalist rationality of the uniform profit rate. The Ricardian theory of value as labour embodied is no less contradictory than the Smithian one. This is also why the gravitation controversy,⁵⁰ which was particularly heated in the late 1970s and early 1980s, and to which Heinrich does not devote much attention, had an inconclusive outcome, thus undermining the approach in terms of long-run positions with production prices as *centres of gravity*.

§4.3 On the dual form of capitalist competition

That said, it remains true that Heinrich’s main conclusion is confirmed by another route. Classical political economy had to be *broken with*. Marx is to be read not as a follower of the classicals, but as their *critic*. What is more, Marx’s critique must be *radicalised*. However, I do not think Heinrich does this with sufficient radicality, contrary to his expectations. One reason is that he keeps ‘static’, non-Schumpeterian competition at the centre. Like the Marxists (an exception was Grossmann,⁵¹ and today Shaikh, though only partially), Heinrich’s discussion of competition focuses on the tendency of the *equalisation* of the profit rate *between industries* (branches or spheres of production), which contributes to determining the production prices via capital mobility. What this sets aside (only a few lines are devoted to the question in a volume of several hundred pages) is competition as the *differentiation* of the profit rate *between firms within the industry* because of the struggle to gain an *extra* surplus value (chapter 10 in Volume 1) or an *extra* profit (chapter 10 in Volume 3).

⁴⁸ In Smith, free competition forces ‘masters’ to invest, thus originating a stronger and stronger labour demand. The mass of wage earners grows, and they become less and less poor, because the market wage is pushed up and ‘ratchets up’ the natural wage behind it. In the end, capitalism is ‘justified’ precisely because employment and real income of workers grow with the rate of accumulation.

⁴⁹ For the considerations made here and below on Ricardo, see chapter 4 in Bellofiore (2020).

⁵⁰ The French-language studies were particularly explicit, including those of Richard Arena: see the review article in Arena (1990). Paradoxically, Steedman (1984) himself made a decisive contribution to demonstrating that there is *generally* no convergence of prices with differential profit wages to natural prices with uniform profit wages. See also Egidi (1975). The long-run position approach and the centre of gravity approach are shared by many Marxists. Foley refers to the former, Shaikh to the latter. Moseley’s perspective also lies within this horizon, with variations.

⁵¹ See Grossmann (1941).

As I have already submitted, chapter 10 of Volume 1 is not a merely didactic aid, as Heinrich claims: Marx realised that he could *not* ground the extraction of surplus value in the specifically capitalist mode of production, at the level of abstraction of Volume 1, unless he introduced what nowadays we would call the ‘dynamic’ and Schumpeterian kind of competition, while the ‘static’ and Ricardian kind of competition is treated in Volume 3. The Austrian economist was indeed honest in confessing his *plagiarism* from Marx. The critical point in my view is that – again, in a quite Schumpeterian fashion – dynamic competition can dominate static competition most of the time. Prices of production are no longer centres of gravity (in the sense clarified by Garegnani) but rather an ideal point of reference (in the sense clarified by Pasinetti), and they become actual and operative only when innovative action temporarily comes to a halt.

I think it says something *at the most abstract theoretical level* that Marx in Volume I *cannot* abstract from *this* competition *within* a given industry, whereas he can abstract from competition *among* industries. All this is already implicit, in my view, in the very category of ‘abstract labour’ as the indirect socialisation of immediately *private* labour. Following through the reasoning just offered prompts the view that the average technique to which most Marxism refers to define socially necessary labour turns out to be, at least partially, exactly the *result* of that competitive process. On the other hand, and this motivates the qualification of partiality just given, the weight to ascribe to the techniques which are relevant for that average depends on the demand for the commodity output of that industry. It is the quantitative level of that demand prescribing which method of production among those at hand in the stratification of techniques within the industry will prevail for price determination.

§4.4 On Vulgar Economics and critical political economy

The assimilation of classical to vulgar economics by the author of *The Science of Value* raises the question as to whether a *vulgar economics* really exists for Heinrich as a distinct part of economic theory, or whether all economic thought *before and after* Marx can be defined as such. Let me be clear: I am convinced, with Heinrich, that Marx should be seen as a *critic* of political economy *as a science*, and that this applies to all economic theories. However, I believe, perhaps unlike Heinrich, that Marx understood that for economic science to be subject to critique, it had to be brought to completion, as the classicals had failed to do. I call this *critical political economy*: Marx has one foot in the latter, just as he has the other in the critique of political economy.⁵²

Compared to classical political economy – and sometimes even compared to some vulgar economists! See how he confronts Bailey and Malthus, from whom he is willing to learn – Marx’s attitude is one of ‘critique’ in the sense I outlined above. Heinrich is right when he challenges Marx’s seeming *interpretation* of Smith and Ricardo in *Theories of Surplus Value*: those definitely are not the authentic Smith and Ricardo. In 1861-63, however, Marx does something else, and Heinrich declares it: he constructs a *backward reading* of those authors, questioning *their* writings from *his own* perspective. Marx’s is a *reconstruction* of Smith and Ricardo (in my meaning of the term) that allows him to go beyond them by making them part of his own theoretical discourse. Keynes did the same with Marshall, and Schumpeter with Walras. It becomes clear, then, that in considering the *capital relation* – whereby with this term Marx means the capital-labour relation both in the labour market *and* in the immediate process of production⁵³ – Marx *simultaneously*

⁵² Colletti insisted about this two-fold Janus-like perspective of the two Marxs for years: here the reference is not to the 1974 *Interview*, where he was unsure if it was a liability, but to the brilliant 1969-70 essays where he judged this duality as an asset: see Colletti (1969a, 1969b), but also the 1970 anthology on crisis theory. Some important lectures on *Capital* Volume 1 of the early 1970s have been published with the title *The Paradox of Capital* (Colletti, 2012) recently. Heinrich does not pay much attention to Colletti, perhaps because the Italian philosopher abandoned Marxism in 1975. That Colletti is so poorly understood in his own country, however, says a lot about how degraded the discussion of Marxian theory in Italy has become – although Colletti certainly had his part to play in fostering that situation.

⁵³ In my way, when one speaks of ‘social relations’ for capitalism, as Heinrich does, one should specify that in Marx there is an articulation of *two* ‘social relations’. The first is that *between producers* exchanging in universal commodity circulation, which

agrees and disagrees with Ricardo's critique of Smith.

In the *labour market* there is an exchange relationship, and Ricardo is right to regard it as regulated by an *equal exchange* in terms of *labour contained*. Capital has to buy labour-power at its value, *neither more nor less*.⁵⁴ In *immediate production*, instead, capital extracts *more* (living) labour from that labour-power which contains *less* labour. Smith is therefore right to say that the labour *commanded* by capital (from workers as 'living labour power') is greater than the labour *contained* in the commodities made available to the workers themselves. Of course, Marx's is a theoretical move that 'forces' the authors interpreted within his reconstruction. This is nothing more, however, than what Heinrich – or myself – do in our reconstruction of Marx.

§4.5 Neoclassicals: two mainstreams

Let us say at least a few words about Heinrich's summary of marginalist or neoclassical theory. It too displays considerable finesse, while still neglecting aspects that are too significant to be withheld. For the past history of the approach, Heinrich is mostly right to focus his discussion of the neoclassicals entirely on general economic equilibrium. On the other hand, not giving attention to developments in *partial equilibrium theory* discards the area where contemporary developments in the mainstream are the greatest. Heinrich also fails to point out another important thing. Neoclassical theory has been severely hit not only by the criticism of the Sraffian school (partially anticipated by Wicksell and Joan Robinson) regarding the aggregate concept of capital or the highlighting of the so-called 'return of techniques'. Another death blow was also dealt to it by the supreme clerics themselves, such as Arrow and Debreu.⁵⁵ In the early 1970s, Debreu, together with Mantel and Sonnenschein, showed that it is *not* possible to take the *stability* of general equilibrium for granted, except under overly restrictive assumptions.⁵⁶ Together with, and even more than, the contestation of the *uniqueness* of general equilibrium, this means that the theory still taught in all economics faculties today as the foundation of the entire edifice does not stand up. There is here, evidently, a parallelism with the results of the gravitation debate for the neoricardian theoretical framework. Secondly, Debreu has himself with Arrow, and later Hahn's developments, only confirmed that money cannot be essentially present in an intertemporal general economic equilibrium. More than this, these authors have also paved the way for a parallel *mainstream* that does not intersect with the themes most frequently discussed in critical discussions of neoclassical theory.

Thus, we have, on one side, marginalist authors who recognise that intertemporal equilibrium is unrealistic, but nevertheless finds it adequate for the analysis of real economies (the 'as if' methodology): this is the fundamental pillar of the *new (neo)classical macroeconomics*, a

Heinrich speaks of. The other is that *between the capitalist and the working class*, as articulated in the buying and selling of labour-power and its use in the labour process. Here Heinrich is mostly silent, perhaps taking this for granted. *Both* relations are *integrally* imprinted, so to speak, by the capitalist social form.

⁵⁴ This is not the case in reality. The price of labour-power can exceed its value, but it can also go below the value. Heinrich does not dwell upon this eventuality. This is a pity, because he then overlooks the pages where Marx observes how the monetary wage (and even the real wage) could *rise while the price of labour-power falls* below subsistence, i.e. below the value of labour-power. This is the situation in which capital's *consumption* of workers – amounting to the labour that in the immediate process of production is *made liquid* by capital by *using* living labour-power – is accelerated beyond measure by capital in its incessant hunger for surplus labour. On the other hand, it is practically impossible to find *economists*, even Marxists, who speak of this feature, which is typical of the current phase of capitalism. Some *sociologists* do so, to their credit. In Italy, see the studies of the aforementioned Matteo Gaddi.

⁵⁵ See the texts of the authors just mentioned as quoted by Heinrich in his bibliography.

⁵⁶ I will limit myself to providing the bibliographical details of Debreu's (1974) article on the function of 'excess demand'. However, two other articles by Sonnenschein in 1972 and 1973, and one by Mantel from 1974, were also important in the debate. As Sonnenschein noted a few years later, the importance of the results lies in the fact that they showed that strong restrictions are needed to justify the assumption that a market demand function has the characteristics of an individual consumer's demand function, and therefore only in particular cases can an economy be expected to behave like an ideal consumer. It is by no means guaranteed that the Walrasian process of *tâtonnement* will eventually lead to equilibrium.

Walrasian perspective. On the other side, we have authors such as Hahn or Solow⁵⁷ – but many others too, including Stiglitz – who insist on the prominence of *imperfections*. The value of taking the Walrasian temporal economic equilibrium as a rigorous starting point is, for them, precisely that of configuring an impossible reality. This *non-Walrasian* perspective obliges them to consider imperfections in order to similarly proceed from there to the rigorous inquiry of real economies. It is also clear that here lies the basis of the conflict between the *neo-liberal* and the *social-liberal* economic policy approaches about which I have written elsewhere.

§4.6 The early Marx

About the young Marx, I limit myself to a telegraphic observation. Along with the proponents of the ‘humanist’ Marx, those who focus their discourse on *Capital* and are attentive to the Marx of *fetishism* and the *value form* (I think above all of Colletti, Napoleoni, Backhaus, Reichelt) share a *continuist* view of Marx’s theoretical path. This interpretation moves from the categories of human being as *natural and generic*. It is a *human essence* considered homogenous to that of *social relations of production*,⁵⁸ and there is a strong reference to Hegel’s early critique of alienation and *real hypostatisations*. From the point of view of a mere registration of the development over time of Marx’s reflection on the economy, the *discontinuist* view that Heinrich borrows from Althusser has much in its favour.

There is, however, a *third way*: that of a ‘backward reading’ that accounts for *why* and *how* certain categories do not disappear, but rather are redefined, and even drastically changed, in the *new* theoretical field, without ever being completely abandoned. The critique of ‘alienation’ and the critique of ‘real hypostatisation’ is here converted into the critique of the *fetish-character* and of *fetishism*, of *reification* and of thingification.⁵⁹ Even labour as the ‘essence’ of the human being as a generic natural entity is not abolished, but instead preserved and thus transcended in a kind of ‘sublation’. We can see this, for example, in the *Grundrisse*, where Marx reformulates in his new theoretical field the idea of the ‘genericity’ of human beings as something that may become thinkable and real *uniquely from bourgeois modernity onwards* (this point is grasped by Alfred Schmidt,⁶⁰ and was partly anticipated by Lukács).⁶¹ Or again, see chapter 13 of *Capital* Volume 1,

⁵⁷ See Hahn (1984), as well as Hahn & Solow (1998).

⁵⁸ Particularly important is chapter XI of Colletti’s *Marxism and Hegel* (1969b), entitled *The Concept of ‘Social Relations of Production’* and mostly referring to 1844 *Paris Manuscripts*.

⁵⁹ It seems to me that Heinrich does not distinguish, as one would need to do (but almost no one does in the literature), between *fetish-character* and *fetishism*, which are quite different notions in Marx. In the case of the ‘fetish-character’, the fetish, as a ‘thing’, is *really* endowed of social powers, but only *in the given social context*. In the case of *fetishism*, on the other hand, the social powers that the ‘thing’ possesses *in capitalism* are attributed to ‘the thing’ *as a natural object*. While the absence of this distinction rarely leads Heinrich to erroneous conclusions, it does on some occasions, which I cannot document here for lack of space. More serious is the indistinction between ‘appearance’ as phenomenal form (*Erscheinung*) and ‘appearance’ as semblance (*Schein*). Heinrich’s discourse is almost entirely conducted in the dimension of *semblance* even when one should be talking of *phenomenal form*. One example is the social productive power of labour that ‘appears’ as the productive power of capital. This is *not a semblance*, as Heinrich believes. The social productive power of labour *manifests* itself as the productive power of capital, and there is *no* illusion in this. The *Erscheinung* can only be revealed to be a *Schein* when the discourse, from the ‘objectified’ sphere, turns to the investigation of the *source* from which the products of labour originate as commodities (i.e. to living labour power and its ‘consumption’) – but this it almost never thematised in Heinrich, since it is reputed to pertain to the sphere of concrete labour. The Marxian discourse on ‘crazy forms’, or perhaps better ‘displaced forms’ [*verrückte Formen*], is directed not against reality ‘as it seems’ (from the point of view of the ‘seeming’), but at reality ‘as it is’ (from the point of view of the phenomenal form). The difference is linked to Heinrich’s misunderstanding of the relationship between Marx and Hegel that I discuss later. On all of this, see also my chapter *Lost in translation* in Moseley & Smith (2014), as well as Bellofiore (2024), my chapter on ‘absolute value’ in the collected volume *Marx Key Concepts*, edited by Tommaso Redolfi Riva and myself.

⁶⁰ See Schmidt (1962). In 2018 I edited a new Italian edition, providing a long introduction in which the reader can find a more positive assessment of this author than is given by Heinrich (probably because Schmidt provides a critique of Althusser which Heinrich does not share, and because he is internal to the ‘constellation’ of the authors of the so-called Frankfurt School and *Hegelo-Marxismus*, from which again Heinrich is distant). In all, it seems to me that there is a lack of understanding by Heinrich of important theses advanced by Schmidt. I steal the term ‘constellation’ from Giacomo Marramao (in oral

where Marx shows how in the machino-facture the effectual possibility of a non-abstract and generic *multifariousness* of the human being that opens up for the collective worker (but certainly not for individual workers).

§4.7 The ‘ghost’ of value becoming ‘absolute’ value

We come to the heart of the discourse of *Science of Value* as an interpretation and reconstruction of *Capital*. Heinrich is right to hold a twofold register. One foot is firmly planted in a careful *exegesis* of the texts, in which reference to Marx must be strictly rigorous. The other foot is the view that exegesis without *interpretation* is blind, reducing the debate between Marxists to a mindless hunt for the ‘correct’ quotation (a quest that is easy enough to achieve). It is appropriate to begin, as Heinrich does, with the opening five chapters of Volume 1 (1-7 in the English translation).

At the beginning we find the *commodity*, as a *singularity*, articulated in an internal *duality*. The ‘body’ of the product to be sold on the market (its *use value*) is declared to be the ‘bearer’ of an *exchange value*. In a first definition, exchange values, manifest themselves [*erscheinen*] as the quantitative ratios in which *physical* use-values are exchanged, according to proportions that seem [*scheinen*] arbitrary and that may vary randomly with the perpetual fluctuations of supply and demand. According to Samuel Bailey, an ‘intrinsic value’ [*valeur intrinsèque*] – that is, an exchange value *immanent* to the commodity – would be a *contradictio in adiecto*, because the adjective predicates something contradictory to the noun. Marx clearly disagrees and qualifies this opinion instead as a semblance [*Schein*]. This opens to the concatenated series of arguments that lead Marx to a second, more appropriate definition of ‘exchange value’.

Before we look at his solution, let us proceed to a more precise understanding of the problem. Marx writes that one can twist and turn a commodity at will, but it remains *immaterial* as ‘value’. While the natural ‘objecthood’ (being an object) of the individual commodity as a use value is immediately accessible and tangible, its peculiar ‘objectivity’ of value, on the contrary, is different from that of Mrs. Quickly in Shakespeare’s *Henry IV*, who proclaims that *one does not know where to possess it*. At this moment in the exposition, as indeed Heinrich insists, value is nothing other than a *ghost*: an ‘ethereal’ presence that does not yet exist. Marx, however, does not stop there, but goes on to show how the ghosts in commodities *take possession of a body* through a real ‘incorporation’ [*Verkörperung*].

The body which is possessed is that of *money as a commodity*: money as a thing [*Ding*] produced by labour. Indeed, money is defined by Marx as ‘embodied value’ [*verkörperter Werth*]: this is nothing other than *absolute value*, which has the *character of a fetish*. Marx intends to dissolve the *fetishism* that spontaneously arises from the fetish. How? By showing, firstly, how this ‘thing of value’ necessarily springs from the social relationship that commodities entertain with each other as things.⁶² And then, secondly, by clarifying how this reified social relationship hides *another* specific social relation between human beings in the ‘form of life’ that is given under capital as universalised commodity production.

To accomplish this task, and thus unravel the enigma of money, Marx turns to the *form of value* as the *polar* relation that *opposes and unites* commodities. This is something that was not present in the *Theories of Surplus Value*. It was in fact the confrontation with Bailey that steered Marx in this direction. I merely point out that the use-value of gold as money (exposed, or exhibited, in circulation as that embodied value which is absolute value) acts as the *phenomenal form* of the

conversation), to underline the plurivocity of the authors involved. Schmidt (1967, 1971) are amongst the first decisive steps in a ‘new reading’ of Marx.

⁶¹ In Lukács (1923).

⁶² There is here an articulation of discourse between *reified* social relations, which pass through things in the sense of *Sache*, which could also be immaterial, and *thingified* social relations, which pass through things in the sense of *Dinge*, as physical-material objects. As I have already written elsewhere, this distinction is not noted by Heinrich. It is, however, discussed by Tairako (2017).

value of the commodity ‘as such’, and thus as the phenomenal form of *intrinsic value*. At the same time, the *concrete* (and ‘private’) labour that produces money as a commodity acts as the *phenomenal form of the abstract* (and ‘social’) labour contained in the commodity sold against money. In a sense, it can be said that gold as money is ‘the’ commodity, since abstracting from it leaves only the product as residue.

§4.8 The essential role of money as a commodity

The (non-Ricardian!) commodity nature of money cannot be so easily removed, as the literature has tried to do since the early 1970s, and as Heinrich also basically does.⁶³ It is not an assumption, because of the influence of historical circumstances, which can be dispensed with. In Marx, the key role of money as a commodity has little to do with the organisation of the national or international monetary system. Rather, it plays a cogent and central logical role in what Marx calls the *inner connection*, providing the answer to the decisive Marxian question: *what is it?* What is that *constitutes* the qualitative *unity* that grounds the equivalence relation among the commodities exchanged on the market? Marx's response is *labour*. In circulation, the *abstract labour contained* within commodities is ‘expressed’ in the *concrete labour embodied* in money as a commodity.⁶⁴ Here it is important to quote chapter 3, where Marx writes:

Money is the absolutely alienable commodity [*die absolut veräußerliche Ware*] because it is the *disembodied* shape [*entäußerte Gestalt*] of all other commodities, the product of their universal *externalization*, alienation [*allgemeinen Veräußerung*.]⁶⁵

In his 1871-72 *Ergänzungen und Veränderungen zum ersten Band des Kapital* [Additions and Modifications to *Capital*, Volume 1], Marx says that the nature of commodity value is that of being the ‘expression’ in an object [*dinglicher Ausdruck*], in a *material* thing. It is the reified shell [*sachliche Hülle*] of human labour-power required in production, i.e. of the objectification of the *gelatine* of human labour: that is, of abstract human labour ‘pure and simple’ [*schlechtin*]. The other commodity in exchange can only be *posited as equal* if it is regarded as a mere ‘thing of value’ [*bloßes Werthding*] – that is, as long as its *material* consists of objectified human labour. Money can be a ‘thing of value’ precisely *insofar as it is itself a commodity*, a ‘materialisation’ (*Materiatur*) of labour. In the value relation among commodities, the universal equivalent, and therefore also gold as money, is at the same time the ‘common body of commodities’ (*gemeiner Waarenkörper*) and the ‘ghost made flesh’ (*Gespensterleib*). The journey travelled until now in the derivation of abstract human labour is from *ghost* to *gelatine* to *chrysalis*.

In this deduction, Marx is indeed pursuing *two movements in concert*: that of an ‘exposition’ or ‘exhibition’ (*Darstellung*) of value in the *unity of production and circulation*, and that of an ‘expression’ (*Ausdruck*) of value *from the inner to the outer*, from production to circulation. There is no contradiction as long as one accepts as valid his conception of ‘money as a commodity’. Marx assumes that the value of money is fixed, and remains a given quantitative amount, from the moment that gold *enters the circuit* and from its commodity shape takes on the figure of money. It is, then, an exchange that he himself defines as ‘barter’ (*unmittelbarem Tauschhandel*), as was noticed by few (among them, Suzanne de Brunhoff).

⁶³ Messori (1984) was acutely aware of the problem. He however later abandoned any reference to Marx's labour theory of value.

⁶⁴ Within the Marxian abstract labour perspective, the key concept of *absolute value* has been recognised by some of the more thoughtful interpreters. The names are the same already mentioned several times: Colletti, Napoleoni, Backhaus, Reichelt, but also Cristina Pennavaja in her important introduction to Marx's writings on the form of value in the first edition: the first chapter and the appendix (Pennavaja 1976). More recently, the notion has been revived in the German secondary literature. By contrast, the category is almost completely unknown in Anglo Saxon texts, with Chris Arthur being an exception (see for example his latest book). Cf. Bellofiore (2024).

⁶⁵ I quote from Ehrbar (2010, 774).

At this point, if as said the value of money is given, *price fixing* makes it possible to translate the notional (ideal) expectation of the value that will come to light in exchange into amounts of labour. This is a point on which Marx insists several times. If this ‘representation’ (*Vorstellung*) were to be disproved, this would simply result in a discrepancy between the value amount *already existing as expected* value at the end of production, and the value amount that will be *actually realised* in circulation.

To avoid misunderstandings, I would like to make it clear that I share with Heinrich the position that the view of money as a commodity must be left behind. What I insist on, however, is that: (i) the concept is *essential* in Marx for reasons pertaining to the *foundation* of the theory of value, and not to some historically contingent accidents of the monetary system; (ii) if the concept was accepted, *there would not be a split between the two worlds*, because abstract labour and value would be *processual* entities moving from the inner to the outer, as Rubin thought; (iii) if the concept was removed, the reconstruction of the Marxian theory of value would have to take a different path from that presented by Heinrich. The reason is quickly stated: (i) *a different reason must be found to bring value back to labour*; (ii) this different reason must maintain Marx’s view that concrete labour and abstract labour are two *coexisting and contemporaneous* realities of labour as activity *in its becoming*, avoiding the chasm between the two worlds; (iii) in my view it is indispensable to reconstruct Marx’s theory of value – which was originally a *monetary theory of labour-value* – as a *macro-monetary theory of capitalist production*.⁶⁶

§4.9 The articulation of ‘labour’ with ‘exploitation’

Regarding the first point, it is good to pick up the thread of the Marxian theoretical discourse from Marx’s other question, which is the following. How is it possible that the ‘chrysalis’ of *money as money* is able to mutate into the ‘butterfly’ of *money as capital*? Money as capital is value in process, value that is valorised, value that creates value *and* surplus value. Heinrich is quite right in insisting that *the theory of value is the same thing as the theory of surplus value*. I think however that to understand Marx’s answer to the question I just have mentioned, one must better penetrate the category of ‘labour’.

Marx’s distinction from the classicals is widely recognised: ‘labour capacity’ [*Arbeitsvermögen*] or ‘labour power’ [*Arbeitskraft*] is one thing, ‘living labour’ [*lebendige Arbeit*] another.⁶⁷ The latter is to be understood as something *fluid* (*flüssig*). It is labour ‘in motion’. This is a (if not *the*) key to properly understand Marx’s value theory of labour. *Living* labour must not be confused, as is universally done, with *direct* labour, which is the objectification of living labour in the current period. In other words: direct labour is labour that is *already dead* in the commodity-output.

Even less attention is paid to one of the social circumstances which is absolutely peculiar to capitalism, one of its *differentiae specifica*e (essential and necessary predicates), affirmed but not adequately emphasised by Marx. It is true that, once capital has acquired the commodity ‘labour power’, the latter belongs to it *as if* by right. As with any other commodity that capital has bought, it can do what it likes with it. Consequently, the *use* of the commodity labour power, ‘living labour’ as activity, is also *its own*. There is nothing unfair about this, according to the immanent criteria of universal commodity circulation. It is equally true, however, that labour power is *inseparable* from workers as ‘living labour power’ [*lebendige Arbeitskraft*]. Living labour power consists of workers as human beings who are *formally free and equal*. This is an ‘illusion’ that, however, marks an

⁶⁶ In 1989, I entitled an essay *A Monetary Labor Theory of Value*. This is, may be, where the expression is probably found for the first time. The reader will notice that the title has *money* and *labour* in it, together. Labour disappears in the diction chosen by Heinrich, ‘monetary value theory’, which has become the standard one in the recent tradition, admittedly with different accents in various authors, and that thus depart substantially from my meaning and, in my view, from Marx’s meaning, too. The reader should also bear in mind that the expression *macro-monetary* is employed by me in a sense quite distant from that as employed by Moseley. As I have written elsewhere, I consider Moseley’s position in fact neither truly ‘macro’ nor truly ‘monetary’.

⁶⁷ When Marx in Volume 1 of *Capital* writes *Arbeit*, he means almost always *living* labour.

epoch and affects consciences, at least potentially. On the other hand, such human beings are regarded exclusively as *living bearers* of the commodity labour power and source of living labour.

As Rosa Luxemburg well understood,⁶⁸ this means that while the value of labour-power, at least as an expected amount, is already determinate before production, the new value which will be added in the period is yet-to-be-determined in production itself. It depends in fact on what Balibar called *class struggle in production*, the outcome of which cannot be taken for granted. And, in fact, Marx, in the second paragraph of the fifth chapter devoted to the process of valorisation, makes surplus value *emerge* not – as almost all the interpreters of Marx (e.g. Croce, Rubin, Sraffa in 1960), usually do – from a ‘minus-wage’ with respect to a given value of the commodity output, but from a *comparison* between two situations. The first is that in which the living labour expended by workers is equal to their necessary labour (a kind of Schumpeterian ‘circular flow’ where surplus-value is absent, and therefore prices are proportional to the labour contained in the commodities exchanged). The second is that in which living labour has been prolonged beyond necessary labour, and a surplus value is extracted. As Marx writes *verbatim* in this chapter, from the point of view of abstract wealth *capitalist production is nothing more than the consumption of ‘living labour power’*: or, as Tomba rightly puts it, the *squeezing* of workers.⁶⁹

This is, strictly speaking, the *constitution* of capital. In this way of seeing things, *exploitation* is just another name for the ‘use’ of workers. To this *alone* can be attributed the origin of *all* the ‘money value added’ in the current period. It is a way of looking at ‘exploitation’ which is radically alternative as well as complementary to the usual one, which focuses on the share of surplus value in new value. The first (exploitation as ‘consumption’ of workers as living labour power in the hidden abode of production: which amounts to the whole living labour) expresses the *social nature* of the capitalist process seen from its centre, the moment of living activity ‘in motion’. The second (exploitation as surplus labour, the share of the direct labour in excess of necessary labour) refers to the *distribution* between classes of the direct labour once it is objectified, hence dead in the commodities produced. It is at this point that it can be justified (and not merely postulated, as in Foley’s New Interpretation) that the *money value added* in the period is *nothing but* the *monetary expression of direct labour*, i.e. of the objectivisation of living labour.

Surplus value, which is part of that money value added, is nothing but the monetary form of the labour contained in the net product in excess of the monetary form of the labour required to produce the commodities that constitute workers’ subsistence or have been conquered beyond that. Like abstract labour, so this notion of exploitation is also *socially specific*, thus totally *immanent*. It conveys the *capitalist* character of labour under capital, not only looking at commodity circulation among the producers, but also to the class relation on the labour market and in immediate production.

As I already observed, in Heinrich, the debate about the labour process, which had thrived in the 1970s and early 1980s, is not even mentioned. This is unfortunate, because in the considerable number of pages that Marx devotes to the labour process and technology, two things occur that should be of interest to Heinrich, and which, for lack of space, I can only mention briefly. It is here that Marx introduced a second concept of *Vergesellschaftung*, of ‘socialisation’. Beyond the *nachträgliche Vergesellschaftung* of the last section of the first chapter, which Heinrich rightly emphasised, there is also the *unmittelbare vergesellschaftete oder gemeinsame Arbeit*, the ‘*immediately socialised* labour’, i.e. the *collective* worker in production. In the labour process, capital imposes a ‘cooperation’ that commands workers by means of technological innovation. The ‘technological’ *design* of the labour process imagines workers as *things among other things* and forces them to act as such: as far as possible, as an inanimate cog of the production process, (*Industry 4.0* is the latest example). At the same time, one must not overlook the ‘technical’ actualisation of the relations between human beings and the means of labour, as well as the concrete

⁶⁸ See *Introduction to Political Economy* (Luxemburg 1925).

⁶⁹ Tomba (2011). In Heinrich’s approach this Marxian ‘method of comparison’ in its quantitative aspects is literally unspeakable.

problems of the ‘organisation of labour’.⁷⁰

Here we meet another paradox of capital: the *labour* that *within the ongoing process of production*, is *immediately socialised* by technology (a sort of ‘a priori’ socialisation), when it is looked at as the commodity output *before circulation* remains an *immediately private labour*. It must pass through the ‘ex post’ *monetary validation* corresponding to Heinrich’s ‘a posteriori’ socialisation. I see in this generation of the entire new ‘[money] value added’ that has been produced in the period the *foundation* of the value theory of labour, and an important junction in my *reconstruction*. Marx accused political economy of only asking how capital is produced, leaving aside the issue of how capital produces. The answer is that the *constitution* of capital lies in the *exploitation of labour by capital*: not in capital as a fetish, but in capital as a social relation. Thanks to his method of comparison, the constitutive moment dealt with by Marx, not logically but genetically, is preliminary to the investigation of how capital produces.

In a very fitting sense, then, the consumption of ‘living labour-power’ is the theory of value in Marx. Without this aspect – i.e. without the dimension of labour *in motion*, from which Heinrich steers clear – ‘value’ can only be *redundant* for economic theory.⁷¹ This is true in neo-Ricardian approaches, in Marxist ones, as well as in most of those inspired by the value form.

§4.10 A digression on the transformation of values into prices

This allows me to say a few words about the transformation of values into prices, a (false) ‘problem’ whose importance has been exaggerated in the debate on Marx.⁷² I largely agree with the way Heinrich discusses this issue. I do not wish to charge him for what I think is nowadays an outdated appraisal of Sraffa himself (who was not a ‘Sraffian’). *Science of Value* was conceived in a first edition, and then published in a second edition, during the 1990s, when almost nothing or very little was known about the *Sraffa papers* deposited at the Wren Library of the Trinity College in Cambridge. These radically reopened the question of Sraffa’s relationship with Marx, and this of course met then, and still does, many resistances. For one thing, in 1940 Sraffa was one of the very few who understood Marx’s way of dealing with the issue of the generation of surplus-value outlined in the preceding pages. This probably has echoes in his *Production of Commodities by Means of Commodities*, a work which consciously restrains itself within a Ricardian problem setting, the boundaries of which Sraffa was well aware.⁷³

In any case, if the identity between money value added and direct labour through a monetary expression is grounded as I have proposed above, it is clear that *the value originated within the period must remain the same, whatever the price-form exhibiting it*. Put differently, prices can only allocate differently the *given* amount of living labour that has been objectified in direct labour. There is no ‘problem’ here, only a transformation, a *metamorphosis*, literally a change of form or of shape. The point of this conversion is definitely *not* to ‘prove’ the law of value. It is instead to comprehend the origins of the ‘data’ from which prices are computed. In addition, its purpose is to understand the implications of this way of carrying out the pricing process, in a form which is compatible with Sraffa while not being in the Sraffian canon.⁷⁴ And it is all but certain that Marx

⁷⁰ Fundamental in this regard is the work of Guido Frison, which I discuss in chapter 9 of Bellofiore (2018b).

⁷¹ Despite its somewhat confusing title, Bellofiore & Coveri (2022) is in fact a *critique* of the ‘transformation problem’. Our examination is based on what is the crucial nature of exploitation as a category to be grasped as *integrally immanent* to capital, and in which we recognise the analytical and theoretical heart of the Marxian theory of value.

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⁷³ On this whole part, see chapter seven of Bellofiore (2020) and the important work cited there by Scott Carter.

⁷⁴ For an interpretation of the ‘productive configuration’ of given inputs and given outputs from which one starts to determine production prices *à la* Sraffa, the reference is to Alessandro Roncaglia. His book from the mid-1970s (Roncaglia 1975) is actually much more balanced and acceptable from a Marxian point of view (at least from mine!) than are later works such as Roncaglia (2009), which are too much influenced by the twist given to the debate by the book by Lippi (1976) and

had fully understood the implications of the transformation procedure, since he did not pursue it to the end.

It should be added that the circumstance that, at prices diverging from values, money wages ‘command’ in circulation an amount of objectified labour different from the amount of labour required to produce the commodities they get, and that therefore gross money profits also command in circulation an amount of objectified labour different from the amount of labour required to produce the commodities going to other classes, has *no* direct implication for the valorisation of *total capital*, but only for the appropriation by *individual capitals* of quotas of the new value. This conclusion follows, however, only if the subsistence basket received by *the working class* is maintained as given, fixed (unconsciously but effectively) by the capitalist class through their investment decisions. This interpretation considers the last step of the transformation a final, more radical leap in the *mystification* by circulation of the class relationship between capital and labour, dramatically obscuring what happened in production. But this is a spectacular confirmation, rather than a rebuttal, of Marx.

If one develops this reconstruction of Marx up to the real subsumption of labour by capital, one can say that at that point the material-technical reality, the ‘matter’, must *correspond* to the social form-determination, and become the ‘content’ adequate to the ‘form’. Put another way, the domination of capital over labour gives its imprinting to the labour process itself. When we move from the manufacturing division of labour to machino-facture, then the *social* domination of capital and the *material* domination of the machinery become two sides of the same reality. *The abstraction of labour itself is here accomplished*. Picking up on an expression by Napoleoni, one can no longer just say, as Heinrich does, that labour *counts* as abstract because, from being immediately private, it is confirmed as social *in circulation* by means of an ‘a posteriori’ monetary validation. One must go further and claim, more precisely, that labour now *is* abstract *in production itself*, because its ‘properties’ comes to it ‘from outside’, from the external will and knowledge of capital.⁷⁵

As Vittorio Rieser wrote in an article in *rivista del manifesto*, explicitly converging with, and developing, my positions:⁷⁶

‘Abstract labour’ has often been succinctly defined as ‘labour without quality’. Of course, but exactly in the sense in which the protagonist of Musil’s novel is a ‘man without properties’: not *ohne Qualität*, without quality, but *ohne Eigenschaften*, without its own properties, not necessarily being of ‘low quality’, deskilled. Such labour may present very high professional skills, but they are not ‘its own’, they are not ‘its property’. They come into, or do not come into, operation in the subordinate relationship with capitalist command. Perhaps more appropriately, rather than speaking of it as ‘without quality’ (which in Italian can give rise to misunderstandings), it could be defined in terms of ‘alienated quality’. The ‘spoliation of professional content’ that characterises abstract labour can thus give rise to very different outcomes, in terms of skills. The essence they have in common is that the professional content of labour (be it high or low) is given by the intertwining of the sale of labour power and command at work and does not exist outside of this (‘thou shalt have no quality but me’, the first commandment of the law of capital).

Steedman (1977).

⁷⁵ Napoleoni (1976), pp. 76-77, italics in the text. With real subsumption, ‘social and material domination of machinery become two sides of the same reality. The abstraction of labour itself is thus fully achieved: now it is no longer just a question of the fact that labour counts as generic labour because as social labour it produces nothing but money, but more specifically of the fact that it *is* generic labour because all its qualities are to be found outside it, objectified in capital, and in particular in *fixed* capital. If anything, it will be a matter of keeping in mind that this material generic nature, this being simply a mediating term between capital and nature, is closely linked to the fact that the product is value and that production is production for exchange.’ On closer inspection, a Rubinian position *ante litteram*, i.e. before Napoleoni read Rubin. On Napoleoni, see chapter 9 of Bellofiore (2018b).

⁷⁶ Rieser (2004).

§4.11 Marx, Hegel and Hegelo-Marxismus

Although I do not have the space to develop the argument as it would deserve, I think that Heinrich pays some price for his separation from what he calls the Hegelo-Marxismus of Backhaus and Reichelt. Paradoxical as it may seem, not dissimilar positions from these last two authors can be read in the last chapter of *Marxism and Hegel* by Lucio Colletti, who was himself very critical of Adorno and Horkheimer.

Let us see why. We have seen that Heinrich denies that the supersensible can have a sensible incorporation. But this, and nothing else, is money as ‘absolute value’ in Marx. The ‘intrinsic value’ is *dis-embodied* and becomes *ab-solutus*: ‘abstracted’ and ‘separated’ from the commodity being sold, it is *embodied* into gold as money. Money as absolute value is *the* materialised and individualised ‘value’ of the commodity: the Spirit incarnated into the Body. There is, however, a second meaning according to which value becomes the ‘absolute’ – or to be more precise, the *Absolute*. The *social* dimension of the *dissociated* labours is separated (or abstracted) from those concrete labours and comes to *dominate* all subjects: both the capitals that exchange on the market, and workers in production. Absolute now designates not only the movement of *externalisation* mentioned earlier that leads to ‘embodied value’, but also the *despotic command* of value within the spiral of its own valorisation. Value is now the *Automatic Fetish as the Subject* which, alternating between the commodity form and money form, ‘overgrasps’ and ‘dominates’ [the verb is *übergreifen*] the various moments of the totality, positing its own presuppositions. Except that it can become such a Subject and self-valorise uniquely only if it is able to overcome the systematic (potential and internal) opposition of *some ‘other’ that it had to make internal*, living labour-power.⁷⁷ Here the reference to Hegel is evident, as well as the radical critique that turns the Stuttgart philosopher upside-down.

In 1867, in the first chapter of the first edition, Marx states that it is as if, in addition to lions, tigers, and all the other animals that actually exist, there is also *the Animal*, in the singular, as an *individual embodiment of the entire animal kingdom*. The same argument is put forward through a different example in the appendix on the value-form of that edition: if one says that Roman law and German law are both rights, then everything is clear; but if, on the other hand, what is said is that law, this *Abstract*, is made effectual in Roman and German law, these concrete rights, then the connection becomes *mystical*. Marx sees in the exhibition of value a *reversal* where the *sensible* and *concrete* counts as the *phenomenal manifestation* of the *abstract* and *universal*. Marx certainly has in mind a critique of Hegel as an *absolute* idealist: I am convinced that here Marx posits a homology between Spirit and Capital, something that Heinrich forcefully disputes.

Many of today’s Hegelo-Marxists are quite different from the Hegelo-Marxians of the 1960s and 1970s (whom I would rather call, contrariwise, Marxian-Hegelians). In Schmidt, Backhaus and Reichelt, as in Adorno and Colletti with different emphases, it was clear that the reference to Hegel was at the same time a critique (of idealism and of capital at once); it was also clear that one could not understand *Capital* without taking Hegel into account.⁷⁸ Today’s Hegelo-Marxists, with excellent arguments, oppose Marx’s view that Hegel is an absolute idealist. Some of them rather believe that Marx could and should be more usefully rewritten according to the *Science of Logic*, referring to the logic of essence or the logic of concept.⁷⁹ My opinion is different. Even if Marx may have been mistaken from the point of view of the interpretation of Hegel, it is precisely that *false*

⁷⁷ The expression *internal other* is due to Chris Arthur.

⁷⁸ I will only quote Colletti as the Hegelian *malgré soi*: see the fundamental last chapter in Colletti (1969b), titled ‘Idea of the ‘Christian-Bourgeois’ Society’, where Rancière (1965) is also quoted, *et pour cause*, since he confronted the same issues albeit from a different perspective. Since state and capital are processes of real abstraction, Colletti argues, Marx’s critique of Hegel’s dialectic and the analysis of capital hold together: by failing to understand the former, it is impossible to understand the latter. This present society of commodities and capital is the metaphysics, the fetishism, the ‘mystical world’, well before Hegel’s *Logic* itself (Colletti (1969b, 431-432).

⁷⁹ This point was the focus of much discussion at the *International Symposium on Marxian Theory*, which I have mentioned elsewhere. For a selection of the group’s writings in Italian, see the writings collected by Bellofiore and Fineschi (2009).

Hegel that proved indispensable for Marx in order to understand Capital (the Subject) and to write *Capital* (the book). And I think that remains true today.

§4.12 Beyond the ‘two worlds’: the monetary ante-validation

A few threads remain to be picked up before concluding. The first relates to the difficult question of the ‘two worlds’, and the foregoing discussion has not resolved the issue. The dimension of production is only *provisionally* monetary, thus still facing the risk of incommensurability. Circulation remains the *only certain* locus of actual monetary socialisation, which is granted by a *posteriori* validation. It is certainly significant that Backhaus (who, like Heinrich, dissents with pre-monetary theories of value) wrote that although *pre-monetary value ‘as such’* cannot be realised in a pre-monetary exchange value, it *is*, in its own pre-monetary character, *extremely real*. What is more: paraphrasing Adorno, Backhaus thinks of pre-monetary value as the *ens realissimum*, i.e. the driver of the dialectical development that takes place in the movement of capital in the world market.⁸⁰

In my opinion, Backhaus detects here the problematic nature of confining ‘socialisation’ only in a *posteriori* dimension without, however, being able to propose a persuasive way out. Let me add that, even though I understand Heinrich’s dissatisfaction with Rubin’s position, the Russian economist was the one who better than others came nearest to a solution.⁸¹ The only exit from the difficulty appears to me to be a non-eclectic integration within the Marxian discourse on value of some crucial aspects of the monetary-circuitist perspective that characterised those that Minsky called ‘conservative and pro-capitalist Marxists’:⁸² of these, Schumpeter, Robertson and the Keynes of the *Treatise on Money* are the most relevant. The reference is, more precisely, to Graziani’s theoretical proposal centred on bank financing of production.⁸³ From a macro-monetary point of view, credit money created *ex nihilo* is advanced by the banking system (monetary/financial capital) to the firm sector (industrial capital) to pay money wages to the working class (workers as human beings who are the bearers of labour power). The ‘value’ of bank anticipation to start production in terms of credit money is fixed by the labour contained in the commodities made available to the workers.

This *monetary ante-validation* of the buying and selling of labour power allows us to see the immediate process of production as nothing but *money[-value] in motion*. Production before circulation for Backhaus is still thought of as *pre-monetary*, and he is probably right from the point of view of an ‘interpretation’ of Marx. In my ‘reconstruction’, instead, immediate production has had a *monetary imprinting* through ante-validation on the labour market. The abstraction of labour becomes a *process*, going from labour power to labour-in-becoming, to objectified labour, to the monetary sanction on the final commodity market. This sequence is parallel to the monetary circuit, going from the inflow to the outflow of bank finance. Graziani himself in 1983 - i.e. after Benetti and Cartelier had already abandoned a Marxian perspective⁸⁴ – saw in this the basis for a vindication of the legitimacy of the Marxian theory of value.⁸⁵

In a view that can perhaps be articulated with Heinrich’s methodological duality (*total social*

⁸⁰ See his 1997 introduction to *Dialektik der Wertform*, translated in Backhaus (2016) as ‘The beginnings of the new reading of Marx’ (cf. in particular Backhaus 2016, 72).

⁸¹ As is argued more fully in Bellofiore (2018b, chapter 8).

⁸² Cf. Minsky (1981, 54). A reading of Marx in terms of the monetary circuit (but within a money as a commodity view) to which I have been indebted since the time of my dissertation in Turin with Napoleoni is that of the *Anti-critique*. See Luxemburg (1921).

⁸³ The interested reader will find developments on this in some of my other writings, for example in Bellofiore (2018b, chapter 10).

⁸⁴ See Benetti and Cartelier (1980).

⁸⁵ See Graziani (1983). Another fundamental contribution of his from 1983, although published a few years later (Graziani, 1986), was devoted to the Marxian theory of ‘money’ as distinct from ‘currency’. As I have already written, in Italy as in France 1983 marked the exhaustion of the high wave of studies on Marxian theory.

capital versus *individual capital*), it could be said that in the macro-monetary perspective I am advocating, the possibility of a ‘self-valorisation’ of value arises for total capital uniquely in its relation to the working class. Surplus value (i.e., gross profits) has its constitutive origin in the capital relation – that is, in the capital-labour opposition. What occurs in the circulation of commodities, on the other hand, is something entirely internal to the capitalist class. The theory of value is not primarily an investigation of the determination of relative prices, which has nothing directly to do with valorisation strictly speaking. The theory of value is, if anything, a theorisation of the complex forms of the ‘socialisation’ of labour *both* in circulation *and* in production, within a *macro-social* and *macro-monetary* investigation that has a logic of its own: distinct from, and having priority over, the micro-economic logic of individual price determination.

With respect to Marx, it is now clear that the movement ‘from the inner to the outer’, on which I have insisted all along in this discussion, is *not* from immediate production to final circulation, as the first three chapters of *Capital* Volume 1 seem to suggest; nor could it be any other way, given the level of abstraction. It is rather the movement from the *capital relation* – i.e. from the buying and selling of labour-power on the ‘labour market’ *in conjunction with* the capitalist labour process – to the *final circulation* of commodities on the ‘goods market.’

Given that the ante-validation of money from a circuitist perspective is another pivot of my *reconstruction*, it is also evident that, in order to move in that direction, Heinrich’s vision of money and banking – which moves from bilateral credit to banking as an intermediation of savings, and from some version of the loanable funds approach to a theory of banking as a creation of credit independent from saving – must be criticised as a confusing compromise, blurring the historical and the logical. Against this, I think that the path towards a *totally endogenous* credit theory of money must be resolutely taken.

§4.13 Ordinary demand, the theory of value, and the dichotomy equilibrium/disequilibrium

On closer inspection, however, there is another issue that remains to be addressed, which Heinrich rightly highlights. In Marxian theory, it *seems* that the labour amounts supplied in production are incommensurable and cannot then be added up *before* circulation. This is a controversial and yet widespread position in the new Marxism, which is opposed to those who claim that labour in production is *already* abstract from the outset. And, certainly, for much of the Marxian exposition *this is so*. This, however, may have two deleterious consequences.

Let us see the first. If *nothing* can be said *quantitatively* before the moments of circulation and distribution, this goes against the whole Marxian effort to re-enact (not only qualitatively but also *quantitatively*) the process of the *constitution* of capital *in its unfolding*, ‘in the making’ so-to-speak. In the end, the risk is of not going beyond what the Keynesians and Neo-Ricardians affirm. It may be countered that the difference here concerns the supposedly deeper understanding of social relations by Marx: a claim that, however, is not very clear as to the foundation upon which it can be sustained.

We now see the second consequence. A view of the Marxian theory of value as a *dis-equilibrium* approach is a perspective that simply mirrors (and reverses) the traditional one that, within and outside Marxism, absolutizes *equilibrium*. I think that Napoleoni was right in the first half of the 1970s to propose a research-project that saw in the so-called ‘law of value’ a law of equilibrium *and* disequilibrium, of order *and* disorder, even if the way in which he articulated that vision was certainly not acceptable. This is what I would rather call an *out-of-equilibrium* perspective, that allows for both polarities *at the same time*, refusing to make either of them absolute. If equilibrium does *not* exhaust the reality of value, it is however *one* of the terms of the contradiction of which value is the expression.⁸⁶

I think Roberto Fineschi is also right to draw attention to the category of ordinary *demand* in

⁸⁶ Napoleoni (1976, 58).

Chapter 10 of *Capital* Volume 3, and to consider it decisive for the category of *market value*. As he writes, the conceptual existence of an ‘ordinary’ or ‘customary’ demand for the commodity means that production can be *planned*, and thus it makes sense to speak of *approximations* to that market value (or price).⁸⁷

For my part, I am willing to go further. As Rosa Luxemburg was well aware, and as she wrote in her *Introduction to Political Economy*, commodity production is *demand driven*. It follows that the temporary assumption (or ‘abstraction clause’, as Fineschi labels it) which is effective in the previous hundreds of pages of *Capital*, according to which ‘demand is equal to supply’, could be read in the *opposite* direction, from demand to supply – i.e., a sense compatible with the ‘principle of effective demand’, and thus opposite to Say’s law. Along this line of reasoning, one can extend to Marx the *first* model of expectation contained in Keynes’ *General Theory*. In that model, firms’ *short-run* expectations about sales, and hence about production levels and labour exploitation are assumed to be later confirmed on the market. These forecasts are independent from firms’ *long-run* expectations. Keynes’s first model could be complicated, considering more complex cases when that abstraction clause is withdrawn: the case in which short term expectations may be disproven, without their changes having as a consequence a modification of long-term expectations; and the case in which there is a connection between short-term and long-term expectations, and reciprocal interacting changes.

At this point in the deduction, unlike at the beginning, the labour which is performed in capitalist firms is ‘as a rule’ supposed to be validated in circulation.⁸⁸ On the one hand, this is without prejudice to the variability of the *long-term* expectations; while, on the other hand, it depends on the general conditions of capitalist reproduction: and can therefore be upset in the dynamics of development and crisis.⁸⁹

§4.14 Crisis theories

Another thread to pick up concerns the theories of crisis. I approve much of the way this issue is framed by Heinrich. Certainly, the category of ‘organic composition of capital’ in Marx is confused and needs to be better articulated. Moreover, I agree with Heinrich’s objections to the tendential fall in the profit rate in its traditional formulation. It is also true that the ‘under-consumptionist’ theory

⁸⁷ Fineschi (2001, 275-279).

⁸⁸ There is a passage of extreme lucidity in Messori (1984, 219: the italics are mine) where the first steps are taken towards what I consider a promising direction (the agreement is not surprising: between 1976 and 1984 Messori and I were theoretically very close). The point deserves a lengthy quotation, for which the reader will excuse me:

The reasoning developed also allows one to take up a conclusion proper to the strand of “social abstract labour”. The production process creates potential value and fixes its magnitude, but the sphere of circulation creates actual value through the realisation of potential value. [...] The quantitative determination of surplus value, which manifests itself in the form of monetary profit, must therefore be simultaneous with the quantitative determination of the value of labour-power, which manifests itself in the form of real wage. This leads to the quantitative determination of surplus value and the value of labour-power. Let us define *equilibrium* as the situation in which the bargaining power of industrial capitalists and wage-earners in the labour market is not such as to alter the rules of functioning of the capitalist economy; and in which separate production decisions find technical validation in the labour process and social validation in the sale (i.e., are translated into commodities produced and sold *according to the expectations of industrial capitalists*). Under conditions of *equilibrium* in the market for labour-power and in the commodity market, the real wage permits the purchase of an amount of consumption goods equal to the historically determined needs of [living] labour-power for its reproduction. As a consequence, monetary profit is the expression of the exploitation of labour-power alone in the sphere of production. Under conditions of *imbalance*, even in only one of the two markets, the level of the real wage diverges from the value of labour-power and the monetary profit does not correspond to the degree of exploitation of [living] labour-power.

The next step of an argument of this kind, which investigates the relationship between *price* and the *value* of labour power, is to be found in Bellofiore, Forges Davanzati and Realfonzo (2000).

⁸⁹ I think the point was already clear to Rubin: without some anchor in the model for positions of equilibrium, one risks theoretical nihilism. This, however, should not lead to forcing the Marxian position into the straightjackets of the equilibrium perspective, as in one way or another many positions within Marxian economic theory nowadays do, albeit sometimes after paying some lip service to disequilibrium. An example of a perspective of this second type, which I consider unacceptable, is the recent criticism, of a purely negative kind, of Heinrich in Moseley (2023).

of crisis cannot be accepted in its own terms and must be reframed as an ‘under-investment’ crisis theory.⁹⁰ The problem here is similar to the one we encountered in his examination of ‘money as a commodity’ and of ‘exploitation’: here too with crisis theory, Heinrich ends up throwing the baby out with the bathwater. The water *is* dirty, and it is a great merit to declare this with respect to a Marxism that does not want to realise it. No less important, however, is saving the baby.

The issues here, which I will deal with very quickly, are threefold. I raise them by explicitly agreeing with Heinrich’s main argument that in capitalism, crisis is *structural* and *recurrent*, and that *value theory* is at the same time *crisis theory*. The conjunction of the theory of value with the theory of crisis in a *out-of-equilibrium* approach that eschews the false dichotomy of equilibrium-disequilibrium is probably the most fruitful aspect of Marx to retain in the current conjuncture, characterised as it is by the *intersection* of financial, economic, social, and ecological crises. The spread of pandemics, with the very recent case of the Coronavirus, and the deepening of military conflicts around the world, with the rise of true uncertainty, cannot but further corroborate the relevance of a perspective like this in what may be called (with Adorno) the capitalism of the ‘permanent catastrophe’.

The first consideration I advance concerns the theory of crisis in the *Grundrisse*. Among many fair observations by Heinrich, there is one that I find to be unfair as a criticism. According to this, in 1857-58 there existed for Marx only a *General Intellect* collapse theory, plus an underconsumptionist crisis theory. It seems to me instead that in those manuscripts there is an argument that, using modern terms, I would state as follows. The development of capital is accompanied by the creation of *new firms* and the *emergence of new branches of production*, as well as the metamorphosis of old enterprises and old branches of production. Since the rate of surplus-value is regularly pushed upwards, the resulting *disproportion* in the ratio of surplus labour relative to necessary labour fosters an *imbalance in the equilibrium conditions* which are required for an equilibrium inter-sectoral exchange. Such ‘disproportion’ in the *class relation* is a systematic source of the emergence of ‘disproportions’ also among branches of production. As a result, there are *excesses of demand* in some sectors and *excesses of supply* in other sectors.

The discourse, at this point, can easily be prolonged beyond what Marx actually writes. The supply in excess over solvent demand causes a *fall in prices*, and this will result in *losses and bankruptcies*, which in turn will lead to *redundancies*. At this point, both the demand for (new and old) capital goods from the firm sector and the demand for wage goods from the working-class decline. When this downfall affects important sectors of the economy, the *collapsing demand for investment and consumption* transmits the ‘overproduction of commodities’ to the other sectors, in a *chain process* which brings about a *general glut*. The unbalanced development of production gives way to disproportions in circulation and contributes to a ‘realisation’ crisis.

My second consideration is based on agreeing with Heinrich on the idea that crisis theory cannot disregard *historical evolution*, while at the same time on my lesser dislike than his of a *stadial* (though not deterministic) sketch about the long-term dynamics of capitalism.⁹¹ Following this line which, if clearly not developed in Marx, is nonetheless within the logic of my *reconstruction*, the verdict on the tendential fall of the rate of profit could be amended. My reasoning unfolds as follows. The ‘*tendency*’ *always remains in the background*, being the dominant and decisive one in the case of the *Long Depression* that began in 1873. In this instance, surplus value was not sufficient to adequately valorise the capital advanced: this was a crisis due to ‘canonical’ version of the tendential fall in the rate of profit. Thereafter, however, the ‘*countertendencies*’ *regularly prevailed*. This happened with the transition from the free competition stage of capitalism to the

⁹⁰ Once again, Heinrich does not say that, beyond her confusions, this was essentially Rosa Luxemburg’s approach. In fact, Heinrich himself does not seem to go much further than the similar considerations advanced by Sweezy in the early 1970s. See Sweezy (1973), the Italian translation of which can be found in Bàculo (1976), an important book that deserves to be reprinted.

⁹¹ The reader will find my position on crisis theory set out in more detail in Bellofiore (2011), to which I also refer for bibliographical references. A fine paper on the capitalist long cycles and the major structural transformations occurring in them was Turchetto (1982).

trustified and financial one. Together, Fordism and Taylorism were able to significantly raise the rate of surplus-value. The sketch of the tendency to the capitalist crisis I have drawn from the *Grundrisse* shows how this may generate the conditions for a *crisis of effective demand*. The surplus value that could potentially be extracted after a certain point has no prospect of being realised on the commodity market, since investment demand does not grow sufficiently to compensate for the reduction in workers' consumption, due to the compression of the wage share. This time the problem is not insufficient surplus-value relative to capital, as in the Long Depression, but an excess of potential surplus value relative to actual commodity demand. This was the *Great Crash* of the 1930s.

The exit from systemic crisis occurred only because of the enormous capital *destruction* caused by the Second World War. Prosperity, thanks to that significant injection of effective demand which characterised the phase of post-war Keynesianism, centred on *military spending* and *waste* (as Baran & Sweezy argued in the mid-1960s).⁹² These historical experiences were preceded by the Rooseveltian New Deal, which did not break sufficiently with the vision fancying a balanced government budget, but also - pushed by social conflict - was accompanied by a political command at the level and composition of investment and production to absorb unemployed workers.⁹³

Here my third consideration emerges. I think there is a black hole in Heinrich's argument: the absence of a conceptualisation of the crisis where the direct class confrontation between capital and labour may be at its centre. Heinrich does not mention a possible *profit squeeze* crisis, either with regard to distribution conflict, or due to struggles in immediate production. The so-called Keynesian 'golden age' came to an end for complex reasons. The driving force of effective demand (with military spending and waste at its centre) pushed production upwards. On the one hand, this implied that the surplus-value-productive area was growing rapidly. This was accompanied by the production of use value *outside* the capitalist productive area. In other words, an area of 'unproductivity' in a strictly capitalist meaning was expanding, both in absolute and in relative terms. An accumulation equilibrium growth path could have still been propelled by a deepening of the exploitation of productive workers, through an adequate rise in the rate of surplus value. However, the *labour market* – at least for males in the older industrialised countries – was almost at 'full employment', and *struggles over labour effort* were spreading.

The consumption of workers' bodies began to be radically put in question: the catchword phrase 'health is not for sale' came to light in those years. 'Consumerism' was denounced, along with the obsessive centrality of the 'economic' sphere. These are all themes which materialised again in the criticism launched during the following decades by feminists and environmentalists. 'What', 'how', 'how much', 'where' and 'for whom' to produce became, though confusedly, an essential focus of social and political struggles. In my view, the struggles within the immediate production sphere were a most fundamental reason – though certainly not 'the' single cause – for the Great Social Crisis that characterised the late 1960s and early 1970s. I date this other great 'structural crisis' of capitalism from the second half of the 1960s, not from the mid-1970s, as Heinrich does. It is a crisis where, as with the Great Depression of the late 19th century, it is *the insufficient amount of surplus value* relative to the amount of capital to be valorised that is decisive. The reason lies, however, not in a rise of the (value) composition of capital, but in the *struggles within the immediate process of valorisation*, along with other circumstances of that state of affairs: the crisis of the monetary-financial system, inter-capitalist competition, the rise in the prices of raw materials and oil, the collapse of the Bretton Woods system.

The advent of neo-liberalism in 1979-80 – with Thatcher and Reagan being the most evocative figures – marked a U-turn in economic policy. At the same time, this right-wing conservative

⁹² Baran and Sweezy (1966). I published in the journal *Moneta e credito* a 1973 lecture by Napoleoni which (correctly, in my view) shows the compatibility of the position of *Monopoly Capital* with the Marxian theory of value. The publication of Napoleoni's article is preceded by a long introduction of mine comparing and contrasting Napoleoni with Sweezy and Mattick on Marx and the crisis.

⁹³ See more in chapter six of Bellofiore (2020).

restoration silenced and suppressed the criticism and attack on really existing Keynesianism from the left. Neoliberalism walked on two legs: a new kind of *financialisation*, quite different from the one at the beginning of the 20th century, and the *deconstruction of the world of labour*.⁹⁴ This time financialisation amounted to *a real subsumption of labour to finance and debt*; the fragmentation of the world of labour took the shape of a *universal casualisation*. Households were incorporated to finance in a subordinated fashion, thanks to inflation in the prices of financial assets (including housing). Production value chains were lengthened, concentration (i.e., businesses' size) was shrinking, centralisation (hence, oligopolistic control) continued to increase, and all these dynamics resulted in a networked configuration of firms. This is what I call *centralisation without concentration*. Monetary policy, with its restrictive orientation against wage inflation, was nevertheless 'accommodating' the continual reiteration of speculative bubbles one after another.

This pattern favoured *debt consumption* as the new driving power of autonomous demand in Anglo-Saxon capitalism, which became the final buyer for net exports coming from Asia and Europe. The *Great Financial Crisis* of 2007-08, buffered in its most devastating effects by massive injections of liquidity, saw the exhaustion of this modality of capital accumulation, and nurtured the return of the spectre of secular stagnation.⁹⁵

Of this last and more recent phase of capitalism, Heinrich's book can only record the prodromes. At the same time, the monetary and dynamic twists that the author imparts to Marx's theory of value and capital are welcome as pre-conditions for a proper understanding of contemporary capitalism. From my perspective, three issues remain open to further developments. First: whether the theory of the tendential fall in the profit rate can be reconstructed as a *meta-theory of crises*, which embraces and overcomes the others in a stadial vision in which it is precisely the prevalence of the counter tendencies over the tendency which triggers the crisis. Secondly, how to explore the metamorphoses of finance in all its articulations, recognising its being contradictory but also functional to valorisation: even more so in a historical contingency in which there is no separation between real dynamics and monetary dynamics. Third: to what extent can labour return to the centre of the discourse on (surplus) value, its dynamics, and its crisis.

§5. Conclusions

I began to read Marx (and Rosa Luxemburg, via Lelio Basso) a few years before Heinrich. The place for me was Turin, the years the late 1960s and early 1970s. In Italy, the 1968 student movement protests were followed by the 1969 workers' struggles and the long 'hot Autumn', a cycle of intense conflict that endured through the 1970s. I do not say this as criticism of Heinrich, but rather as a kind of self-awareness. Heinrich's and my own reception of Marx could not but depend on the different role that labour struggles played in the period of our formation, as well as on the political and social experiences and encounters that took place. My point of observation is *not* innocent, and it is certainly *biased*. This is all the more relevant for me to know, while assessing a book that I appreciate because it has the courage to bring to the fore what Marxism suppressed for decades. Heinrich does not propose yet another interpretation of the theory of value as philosophy, or as sociological inquiry, or as political insurgency, or a novel political economy perspective: but - at last! - as a *theory of the 'economic' and its radical immanent critique*.

Our different *Bildungsroman*, our different formative years, plays no small part on two matters on which I would like to comment in conclusion. The first is *socialism*. The reader should not have

⁹⁴ The term 'deconstruction' is employed not in the philosophical sense, but in the sense, well known to filmgoers, of Woody Allen's *Deconstructing Harry*.

⁹⁵ In addition to my previously quoted book on crisis theory, mention should be made here of my two books with Francesco Garibaldo (the first also had Mariana Mortágua as coauthor). They locate the crisis in the European economy within the contemporary dynamics of capitalism, from so-called 'neoliberalism' to the Great Financial Crisis, climate change, Covid health crisis, up to the polycrisis of our times. See Bellofiore, Garibaldo and Mortágua (2019) and Bellofiore & Garibaldo (2022).

too many expectations about the final chapter, entitled ‘Critique of Capitalism and Socialism’. I believe that Heinrich has wanted to keep it within the confines of the discourse on Marx developed in the volume, and therefore deliberately disregards the concrete experiences and the various problems that history has relentlessly piled up in front of us on the topic of the ‘kitchen of the future’. He merely registers that the collapse of real socialism is a *liberation* from an inappropriate identification with Marxian analysis and, at the same time, rejects *normative* approaches to socialism because of the ‘injustice’ of capitalism.

I could not agree more. But as for socialism, what it should and could be, the book leaves us hungry. It casts doubt on total social *planning*, and here again I am in total agreement. But in its stead, Heinrich directs us to a *cooperative* production society that would require ‘its own mediation methods’ rather than the command of a central office – which is admittedly nice, albeit a bit generic. Faced with the mediation of a market that looks as if it has made itself autonomous, Heinrich insists that more is required than the claim to erase it and a vague invocation of planning. On this he is certainly right, but perhaps that is not the real point. The main problematic issue is that, in Marxian theory and practice, there is an abyss between the critique of the impersonal domination of the market and a discourse risking once again to bet on an ‘alliance’ between ‘labour’ and other social subjects.

Heinrich follows Althusser here – whether faithfully or not, I do not care – in arguing that capital is both a *process without a subject* and *without subjects*. On the contrary, as I have shown in the previous pages, capital is a process with a Subject, this being Capital as the One, the Automatic Fetish. I have also indicated that the claim that subjects are ‘things among things’, mere ‘character masks’, *can* be revoked by a *practical* capacity in workers’ and social struggles: not for a mere emancipation on the terrain of law and politics, but for a *liberation* from domination *and* exploitation, which are two faces of the same reality we live in. This *has* happened in the past; it *can* happen again, even if theory will not give us any map in advance. We need to go back to the issue about what a renewed *centrality of labour* might mean, as well as the possible and changing social subjects of conflict today, and antagonism tomorrow.⁹⁶

This leads to my final point. I fear that Heinrich, like much Marxist and even Marxian literature nowadays, rejects the so-called *standpoint of labour*, a dimension understood as ineluctably subordinate to production (and which, according to a certain feminism, is also integral to a patriarchal perspective). In reality, such a standpoint entails the opposite: in Marx, as in Luxemburg, the centrality of labour is advanced *against* an absorbing and totalising centrality of production. One does not find in Marx any refusal of labour ‘as such’: one only has to read in the *Grundrisse* his critique of Adam Smith, who conceives of labour as pure negativity. It is John Stuart Mill and John Maynard Keynes who are the (bourgeois) prophets of the ‘exit’ from work, which would result in leisure as empty time without any change in the nature of labour.⁹⁷

For labour to become the ‘first need’, as Marx wrote in the *Critique of the Gotha Programme*, the relationship of the human beings with production must change, establishing a ‘balance’ with the other essential dimensions such as care, contemplation, *otium*. This requires that a different connection with gender and nature be put in place. A momentous transformation like this requires the ability to hold two things together. First, reactivating the struggles for the control of labour *within production* by the working class, because this is where the *centre* of capitalist valorisation continues to reside. Second, to build a broad social subject without the primacy of any of them, in order to slowly learn the language of a new sociality.

Is this socialism (or communism)? Of course not: but it is its precondition. The fight for

⁹⁶ The point is already discussed in chapter six of Bellofiore (2018b), and from another but convergent point of view in a 1988 essay, *Il rosso il rosa e il verde. Considerazioni inattuali su centralità operaia e nuovi movimenti*.

⁹⁷ See on this chapters 3 and 8 of Bellofiore (2020), but also the appendix *Continental Divide* which deals with the gender question, and chapter 4 of Bellofiore and Garibaldo (2022) which deals with the question of nature following the health crisis due to the Coronavirus pandemic.

communism presupposes conquering the power to struggle *within and against* capitalism in order to keep the *question* of a liberation open, even if the answer is still unknown to us. Surely this is the least Marxian position imaginable: to say that in the present state of affairs, we do not find hidden the means to overcome it. However, it is perhaps the way to unlock the possibility that what seems impossible to us today turns out to be a worthwhile prospect tomorrow. This is after all, once again, an exercise in Musil's *sense of possibility*.

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