MICHAEL ROBERT'S BOOK - *MARX 200: A review of Marx's 200 Years after his birth.*

This year marks the 200th anniversary of the birth of the greatest thinker in history – Karl Marx. Darwin may have been the pre-eminent theoretician in the biological world and Einstein the outstanding physicist, and while all three revolutionised the way we saw the world, the accolade falls to Marx, because he alone changed the way we saw ourselves, he alone described our relationship to nature scientifically, and, he together with Engels, showed how society could emancipate itself. And for that realistic message of freedom and hope, he and Engels will be forever revered.

Many books have been written and lectures given to mark Marx's birth. Most of these books and lectures have been a biography which would not have pleased Marx at all. As Marx liked to say, our job is not to interpret his work, but to use it to change the world. Michael Robert's book is not a biography, it is a practical book that focuses on Marx's highest achievements and applies them to our contemporary world. While it does look at Marx's life, this is tangential to the main thrust of the book which is to focus on, defend and elaborate on Marx's highest achievement – Das Kapital.

This book is essential reading for all those who want to familiarise themselves with the current and past arguments around Das Kapital. One of its main strengths is its empirical richness particularly its historical data. The Author is conversant with most of the theories and theorists percolating through the world of economics and uses it to good effect. Cleverly, he cites bourgeois thinkers and their data in support of Marx's assumptions, instead of just focusing on the data that arises from communist theoreticians. In addition, he settles the argument over whether Engels' editing of volumes 2 & 3 was not true to Marx's own drafts.

Michael Roberts, the Author, uses this book to achieve the following:

To buttress the law of value.
To buttress the law of accumulation
To buttress the law governing the tendential fall in the rate of profit
To buttress the argument that it is falling profitability that leads to falling investment and not vice versa.

The Author is correct to use the term – law - though unfortunately his book does not elaborate sufficiently as to what law means, other than to provide a mathematical definition. Marx's use of the term law was scientific, he did not use it because it was in vogue in the 19th century. A law is not a mathematical construct. Rather a law governs a process or an interaction within strict limits. For these reasons it can be described mathematically. The law of value which governs capitalist production can itself be described mathematically. Market value or social value is the weighted average value which when multiplied by the volume of production sold, equals the total labour time expended on its production both living and past. It cannot be anything else. It is the bedrock of capitalist production. Similarly, with the equalisation of the rate of profit. The law which determines this equalisation has two functions, firstly it sets the direction for the divergence between prices and value and, secondly, the extent of these divergences. Rampant over-extension or mis-direction are ruled out. That is the purpose of a law instead of a loose association. Drunkards may ignore the law of gravity, but gravity does not ignore them, asserting itself in the form of bruising, breaks and even death.

The Author points out that the views of current communist theoreticians, we shall not call them Marxists, as Marx despised the term, are not homogenous. They are not. This is particularly true in three areas. Firstly, on the centrality of the tendency for the rate of profit to fall, secondly on the interaction of profit and investment and finally on the transformation problem or what is the same thing the conversion of market value into price.

Marx's theory on capitalism is a crisis theory. It is capitalism's propensity to enter crisis that marks it out as a historically limited more of production. The Author is one of the better proponents of the view that profitability is the key determinant of crisis and not under-consumptionism. Not only is he correct, but he marshals a great deal of empirical evidence in support of this proposition. In this he admirably follows Marx's declaration that empirical richness is the only route to theoretical elaboration and conclusions. This is the strongest part of the book. He deals with the law and its counter-vailing influences with aplomb.

The view that under-consumption is the primary cause of economic disruption inevitably leads in the direction of the Keynesian swamp. The Author deals with this towards the end of the book making this book political. The Labour Party and those economists who influence the leadership are all Keynesian. The theory of underconsumption holds that capitalism is not fundamentally flawed but is blighted by a lack of demand which is correctable. Therefore, revolution is not needed as capitalism can be managed despite itself. The Author shows this cannot be the case theoretically, but unfortunately, he does not demonstrate how communists engage with left reformists around their programme. Simply criticising the very popular programme of the Labour Party is not enough. I have written a number of articles on this website about the nature of our intervention.

Having fortified the tendency for the rate of profit to fall, the Author connects it to the issue of investment. There is a good discussion as to why it is the fall in profitability that leads to a fall in investment and not the other way around. Once again, much data is provided to demonstrate this linkage.

The book concludes with a set of perspectives for capitalism. There is a useful discussion about the problems that capitalism needs to overcome to secure its profitable future. The Author provides a series of perspectives in which capitalism can or maybe cannot solve escalating problems like global warming, weak productivity and economic growth, demographics, rising tensions between the economic powers, artificial intelligence (actually machine learning) disrupting society and so on. The Author in the interest of balance however underestimates the compounded problems facing capitalism in the foreseeable future and overestimates capitalism's ability to adapt to them.

Finally, the only criticism of the book I have of this book concerns the transformation problem (T.P.) where the Author follows Fred Moseley's version of the T.P. This cannot be allowed to pass. Why, because the labour theory of value stands or falls on our ability to describe the transformation of market value into prices of production. It is the Achilles heel of the whole issue.

The Author follows Fred Moseley's explanation or lack of one, that prices do not need to be transformed. This is an interesting new take. Not so much a case of deciphering the Gordian knot but simply cutting it. The explanation is as elegant as it is wrong. Marx we are told was dealing with the production of aggregated value in volume 1 and 2. No he was not. He was dealing with processes not end results because the end result can never be a starting point.

In volumes 1 and 2 Marx had to ensure that commodities circulated as products of labour by assuming that all commodities exchanged at their value. It was an abstraction. If prices deviated from values to begin with, Marx could not have developed the money form, he could not have explained exploitation and the generation of surplus value because the value of labour power would have been unquantifiable and so on and so forth. All these processes would have been obscured by prices deviating from value. In fact, this very deviation would itself have gone undetected had value not formed the bedrock of his analysis.

But as Marx well knew from the onset, commodities in a developed capitalist economy circulate as products of capital for the purposes of redistributing profits. This is the operating pricing system in a capitalist economy. Therefore, an elastic relation exists between market values and prices of production. What Marx had to then expound on was the law that regulates this elasticity, why it is either compressed or stretched and what sets the limits of its expansion or compression. That is his transformation problem, the transformation of direct prices attached to labour times into indirect prices attached to capital which is the specific pricing system prevailing in the capitalist system.

Nowhere in Chapter 9 of volume 3 does Marx talk of aggregated value being redistributed. Instead he says: "Let us take five different spheres of production, each with a different composition of capital." This is the equivalent to saying, let us take 5 different market values, each belonging to a capital whose composition differs from the rest. Let us then calculate by how much and in what direction, the prices of these five capitals need to deviate from their underlying market value so that each capital may enjoy the same average rate of profit as each other.

Nowhere does he say that the average rate of profit of these five capitals amounting to 22% is synonymous with the average rate of profit prevailing in the larger economy, only that competition between these five capitals will average out their individual rates of profit. In fact, as he says later on with reference to the whole economy and with reference to the equalisation of the rate of profit: "*it is always only in a very intricate and approximate way, as an average of perpetual fluctuations which can never be firmly fixed.*" (page 261 of the Penguin Edition). If Marx had to take aggregated values only, how could he go on to explain the intricate and approximate redistribution of surplus value that is buffeted by perpetual fluctuations.

Of course, both the Author and Fred Moseley are correct to say that the pool of surplus value to be redistributed is fixed by the aggregate rate of exploitation of the pool of productive workers. That in the end, it is this mass of surplus value set against the mass of capital invested in its production which will precipitate the average rate of profit around which investment oscillates. But all this does is to set the limits of the deviation.

It does not describe the starting point. It is like asking your SatNav how far the next town is while refusing to give your location. That location is market value, not aggregated value. Moseley solution manages to sever the vital connection between the market value of a product and the price at which it circulates, exactly the opposite of what Marx was seeking to do.

The Author mistakes the transformation problem. It is not the transformation of individual values into prices of production, but that of market values. The first transformation at an earlier stage of capitalist development, the formation of the original market prices, is based on the conversion of individual values into market values (Chapter 10 of Book 3). Individual values in other words can only be transformed into market values. The second transformation, the higher transformation which presupposes a further development of capitalism, is the transformation of these simple market prices based on market values, into prices of production based on the amount of capital invested.

To sum up, the law does not operate at the grand level, where everything is aggregated so that differences are eliminated, because it operates with these differences. There is thus a hairline crack in this good book that will fracture when bourgeois critics dismiss Moseley's transformation solution as evasive and disingenuous. Once again, all that is written by Marx is contingent on this single problem. It is central to defending the labour theory of value. Get it right and Marx is bullet proof, get it wrong, and everything that was previously fixed frozen evaporates into mist. (Note 1 & 2.)

Despite the above criticism, this book is a good starting point for any worker keen to investigate Marx's critique of capitalism. It is a lively read and one that stands out, mainly because of its comprehensive overview of all the debates raging in and around this most important work on political economy. What is important about Marx is not that he was born two hundred years ago, but that his theories and writings have withstood one hundred and fifty years of denunciation, abuse, carping and censorship, to surface as being as alive, vibrant and relevant as the day it was first written.

Brian Green. May 2018

(This book is available as an e-reader or in paperback. The paperback is recommended as it does not lend itself to e-readers.)

Note 1. Similarly, in the first phase of a communist society, its transitional phase, a time when the labour of the individual is now directly social, an objective pricing system will cohere society and it will act as a law in much the same way as the law of value operates under capitalism. Because the Stalinists in the USSR did not recognise the law of labour time, and systematically broke it with a fictitious pricing policy intended to rob workers of their labour, their economy was ultimately consigned to the dust bin of history.

Note 2. Below are the links to my articles on the transformation problem.

TRANSFORMING VALUE INTO PRICES OF PRODUCTION WHICH YIELD AVERAGE RATES OF PROFIT NOT ON THE OLD CAPITAL, BUT ON THE NEWLY PRICED CAPITAL.

https://theplanningmotivedotcom.files.wordpress.com/2015/09/transformation-solution-pdf.pdf.

"THE TRANSFORMATION OF VALUES INTO PRICES OF PRODUCTION. Some additional comments and insights. "

https://theplanningmotivedotcom.files.wordpress.com/2018/01/the-transformation-problemadditional-notespdf.pdf

"REVERSING THE TRANSFORMATION PROBLEM. DISTILLING MARKET VALUE FROM MARKET PRICES OF PRODUCTION."

https://theplanningmotivedotcom.files.wordpress.com/2018/01/reversing-the-transformation-problem-corrected-pdf.pdf

"A SUBSIDIARY PROOF FOR THE TRANSFORMATION SOLUTION."

https://theplanningmotivedotcom.files.wordpress.com/2018/02/transformation-problem-fourth-posting.pdf