

CAN LABOUR TIME BE MEASURED?

On the Academia website, a discussion has resolved around "Socially Necessary Labor-time and Equilibrium Prices: A Critique of the Value Form Interpretation of Marx's Theory and a Suggestion for Possible Consensus" written by Fred Mosely. Fred Mosely, and Pete Green, one of the contributors, are two of the few credible Marxist theoreticians. The discussion reveals all the flaws that exist within academic Marxism which treats Marx methodology as a theoretical science to be rendered more profound or re-interpreted. But before something can be re-interpreted, it has to be first understood, and this means first and foremost understanding the method of abstraction.

Before examining the discussion, it is necessary to understand why the method of abstraction is considered scientific. It is used in many disciplines - biology, weather forecasting, algorithm construction, even facial recognition as we shall see. In short it is a way of examining all complex or complicated processes or structures by first simplifying them to reveal their essential, core or operating elements. Get it right, and the simple structure or workings of the phenomena are revealed. A working understanding is obtained.

The key point is that this method is accepted in all disciplines bar one, Marxism, specifically the interpretation of Das Kapital. In other disciplines scientists and researchers do not squabble over this method but understand, accept and use it. Only in the field of Marxism is there dissent even rancour over the method of abstraction. This is often frustrating and unbecoming because it seems some academics deliberately misinterpret, not the material itself, but the method of understanding it.

The method of abstraction.

Today many fields of science embody abstraction. This always involves a degree of abstraction or simplification (loss of detail) depending on the amount of computing power available as well as inputs (sensors). In the past the degree of abstraction had to be greater; today less so, as computers have grown more powerful and sensors more sensitive. The result is a more accurate approximation of reality yielding better predictions. For example, weather forecasting has not only become more accurate and localised, but it can also now look further into the future.

Marx understood and employed the method of abstraction (simplification) nearly two centuries ago. He recognised that capitalism was a complex, living and evolving system that could not be frozen and analysed in a laboratory. He had to adopt the method of abstraction. To understand the complexity of capitalism, he had to first simplify it. There is no universal SATNAV to guide this journey of simplification. Each subject throws up its own problems requiring a specific set of theories. The only way to proceed is to first master the subject matter, and that requires systematic research as well as a familiarity with the pre-existing body of theory. It took Marx many, many years to arrive at the correct level of abstraction allowing him to begin describing the inner and obscured workings of capitalism. Only via the Grundrisse did he arrive at the correct starting point, the commodity, instead of money.

The process of abstraction is the process of removing the more specific, superficial, temporary and complicating aspects of any phenomena. This is done to expose the most generalised or basic aspects of

the phenomena enabling them to be studied in their pure, undisturbed or uncluttered form. Only after they have been fully described and understood, is it possible to reintroduce the more specific forms to show how they connect to and modify the pure forms. Or put another way, only once the structure has been described, can the elements which reshape that structure giving its final rather than working form, be added back. In this way complexity is reintroduced through the process of systematically adding back that which has been removed. This is the process of reassembling the complex whole which takes place only in Volume III.

An analogy will explain this. Let us take the human face. There are over seven billion humans, and we all share a face. Incredibly each face is recognisable by being subtly different – that is by a variation to its specific features. If we were to describe a human face, we would not start by comparing the differences between faces, say the subtle variation between noses, eyes, skin/hair colour and texture etc., none of which makes us less human.

Instead we would begin with all the features that we share in common, all of which have to be present to make up the human face. Therefore, to distinguish human faces from other mammalian faces, we would need to look at the unique hair, forehead, eyebrow, eyelashes, eyes, nose, ears, cheeks, mouth, lips, philtrum, temple, teeth, skin, and chin that constitute the human face. (Wikipedia). We all have human eyes, human foreheads and so on. These unique eyes, foreheads etc. distinguish us from other animal faces with their own unique eyes, foreheads, noses and so on.

If we were to over-generalise by ignoring what makes a human mouth or human forehead unique and conclude that any mouth or forehead will do, we could not distinguish the human face. We would have submerged the human face into all the other animal faces which have mouths and foreheads too. Instead of being able to distinguish the structure of the human face from an animal face, we would only be able to distinguish animal faces from non-animal faces which do not have noses or foreheads etc. We would have overgeneralised or what is the same thing, oversimplified. We would have forced our abstraction too far by removing too much, thereby making the structure of the human face unrecognisable.

To repeat, the process of abstraction identifies all that which is common to the human face while being unique to it. These are the two cross hairs of abstraction.

One these generalised features have been isolated, mapped and their connection to each other established, only then can we introduce variations to these features. Returning to the human face. All faces have a nose, but all noses vary. Two identical noses are highly unlikely. And it is by accounting for the differences in noses, eyebrows, cheekbones, chins etc., that we move from the general face to the individual or concrete face.

Imagine if we tried it the other way around. If we started with individual features and their differences, we would end up isolating millions of different noses, chins, etc, but no faces. These individual features would remain disconnected from an actual face. There would be no evidence whether the chin resided above or below or to the side the nose or even where the nose was situated. We would be no closer to a recognisable face. In fact all we would have produced is unusable garbage.

Interestingly the method of abstraction is the method that has allowed the security police to develop face

recognition software, first by teaching computers to distinguish human faces from their surrounding background, then to become more precise in order to identify, match and follow individual faces with their specific features. This was a complex task. To our eyes a picture is concrete, we see the faces, but the first computers saw only a generalised mass of random pixels at first. Computers had to be programmed to connect and assemble these pixels into a face by means of the position of pixels, the density of pixels, the spacing between pixels and their difference in hue. The algorithms were able to assemble faces from out of the background noise, by means of connecting pixels to each other in the pattern of a face informed by both its common and unique structures. Today the technology is so advanced that even smartphones can detect faces.

So too with 'Das Kapital'. Marx had to first investigate what was common to all capitals. Variations between capitals were dismissed. Everything was made average. Workers had average productivity skill and pay, average working days and intensity of work; factories contained average amounts of means of production and utilised the same techniques of production. In addition, demand and supply remained in balance so that commodities exchanged at their value. In sum, this meant all exchanges were equal eliminating the confusion between price and value.

Of course, capitalism does not work like this in real life. Capitals are different. The productivity of labour varies within industries, between industries and countries. Demand and supply are continuously disrupted by innovation, the flow of investment and the introduction of new products ('must have' use values). The class struggle results in higher or lower income for workers and thus changes in the balance of production. Oh, and let us not forget speculation!

The surface of capitalism is therefore very choppy indeed. So choppy in fact, that one would become seasick in no time if one were to try and analyse everything at the same time. It takes Marx two volumes and hundreds of pages to describe capitalism in its pure form, and to elaborate its structure. Only when he has done so, can he move on and start reintroducing the complicating factors which makes capitalism real. This he does in Volume III. No longer is every capital similar or average, they now vary, they are dissimilar, but because Marx has isolated all that is common to every one of them, he can now describe how the variations between capitals modifies their relations and the essential structure of capitalism.

The net result is that exchange is no longer taken as equal because capitals are dissimilar. This means prices and values no longer coincide but diverge as they do in the real world. Prices either rise above their value or fall below it. Had Marx not begun with equal exchange he could not have explained value and therefore price because their divergences would have made that impossible, nor could he go on to explain the laws governing these divergences, why prices in the real world necessarily rise or fall below their values and by how much.

This is similar to the example of our faces. Before we can explain why our faces differ, for example why skin colour varies, we have to first understand the biology of our common skin, otherwise we cannot explain why the sun, latitude and altitude leads to changed skin colour and texture.

Volume III is therefore no longer abstract but concrete. It deals with variations as they occur in the real world. New categories are introduced which include the composition of capital, the averaging out of the

rate of profit and its equalisation, prices of production and market prices, all of which are analysed in the body of this pamphlet. Differences and the weight of differences exert their pushes and pulls on the structure of capitalism giving it its final shape even though this may be momentary.

Different interpretations.

Of course it can be said that Marx's abstraction is unreal. However, it is real. The same result would be found if total capital and total labour power were divided by the number of components yielding a simple average for both. That momentary average would coincide with stripping all capitals of their specificity and rendering them all average, or common (ideal). Now mark, this comparison is used merely to establish that the methodology in *Das Kapital* is not forced. It is not meant to be understood that this is what Marx actually employed. Marx is not using an average derived from the total, because, as this total is ever changing, the average would be a moving target all the time. Rather he has methodically frozen this average for the purposes of analysis. (Note 1.) Hence his use of the term - abstract labour.

Thus in Volumes 1 & 2 some degree of abstraction is found. For purposes of clarity let us detail what has been removed.

1. Intensity of labour is average.
2. Skills are average.
3. Productivity is average because individual workers work with average amounts of means.
4. Individual costs of production are not the subject of analysis.
5. Individual output in the same industry is the same in terms of quantity.
6. Therefore the average cost of production for the industry suffices, not the weighted average.
7. Demand is equal to supply.
8. Therefore the market price of an article equates to its average value.
9. The composition of capital is average therefore prices of production are yet to appear.
10. Surplus value produced equates to surplus value realised upon exchange.
11. The value of money is invariable.
12. Foreign trade is excluded.
13. Government finances are excluded.
14. Speculation is excluded.
15. Capital is not stratified into its industrial, commercial and financial spheres.
16. Rent is absent.
17. The industrial cycle (business cycle) is ignored.
18. In sum all exchanges are equal meaning that price always equals value or what is the same thing the average cost of production based on the above.

When all this is stripped away capitalism in its pure form is exposed.

Turning to the debate. Fred Mosely sums up the controversy thus. *"An important debate in Marxian scholarship in recent decades has been the so-called "value form interpretation" of Marx's theory in Capital (e.g. Reuten and Williams, Arthur, Heinrich, Milios). An important point in the value form interpretation (hereafter abbreviated as VFI) is that the quantity of socially necessary labor-time (hereafter SNLT) is not determined in production alone, but also depends on the demand for a product. (my emphasis)* Immediately we are struck by the fact that a concrete element is introduced, demand. But we know that as soon as demand is entertained we are no longer walking in the valley of abstraction, which means

prices can no longer equate to value simply because demand and supply seldom coincides. This being so the value produced will no longer coincide with the value realised.

But demand does not create value, all it does is shift it around from industries where demand is insufficient to industries where it is oversufficient. In the former prices will be depressed below values and in the latter they will be elevated. The losses found in the former will be compensated by the gains in the latter.

However, I argue that Marx's theory throughout Capital assumes that $S = D$ (except for asides here and there). In other words, Marx's theory of prices in Capital is not about market prices, but is instead about equilibrium prices, long-run average prices, which are the "centers of gravity" around which actual market prices fluctuate. (S = supply and D = demand). Although Mosely does not refer to this redistributive function, he is correct to insist that Marx assumed $S = D$ until volume 3.

The problem is one of terminology. Market prices will always oscillate around the actual cost of production. If this string is cut, prices would simply float into the stratosphere or until they reached heights where they popped. Capitalists will always be bound to actual costs through cost price. This is unavoidable, so when Mosely discusses long term equilibrium prices around which market prices fluctuate, he is using the shadow expression for actual long-term costs of production.

As he introduces Chapter X (volume 3) we should make that more concrete. As volumes of production differ between individual producers in an industry and not only their individual costs of production, we need to use weighted average labour times, as average labour times cannot accommodate differing volumes. Thus in its more concrete setting we could say that market prices will oscillate around the weighted average labour time found in any industry, and as it is this weighted average which now represents the actual cost of production found there. This is what Marx meant by market value, the most concrete expression possible for socially necessary labour time.

Of course all this supposition is rendered irrelevant once we discuss prices of production which replace market prices formed from market values. In other words when we are describing the modern developed form of capitalism. The purpose of price is to reward profit not labour. Therefore once we introduce the differences in compositions of capital between industries arising out of technical necessity, then the differences between price and value is amplified. So even if demand equalled supply, the amount of value produced and realised would differ significantly because of the averaging out of the rate of profit.

Now the expression would be that **market** prices of production would tend to oscillate around prices of production defined as that price which yields an average rate of profit on a given composition of capital. Marx doubles down on this point in Chapter 50 of Volume 3 called "The illusions Created by Competition". To quote: *"The division of the social profit as measured by this rate among the capitals applied in the various different spheres of production produces prices of production which diverge from commodity values and which are the actual averages governing market prices."* (My emphasis) These prices of production would now be the "longer-term equilibrium prices" Fred Mosely is discussing but in their concrete setting having substituted for actual costs of production. This may appear a problem, but the reader is assured it is not. What has occurred is simply the recognition that while commodities result from the labour process, they circulate as products of capital whose purpose is to reward profits in proportion to investment. Chapter 50 is often under read, but should not be.

The reason Chapter 50 is chosen is due to Marx's observations about the magnitude of the divergences of market prices of production (fluctuating selling prices) from prices of production (the price needed to yield an average rate of profit in that industry.) He points out that these divergences are actually quite small. *"If one compiles price lists over a prolonged period....it is surprising both how narrow the limits of these divergences are and how regularly they are balanced out."* Later in the chapter he shows that competition rather than expanding these divergences acts to narrow them. And the reason for this is that the movement in capital seeks to marry not divorce demand and supply.

The last observation leads to the following advice. Only once we have distilled prices of production does it become methodologically appropriate to introduce demand and supply in its modern form. To slot it in so to speak. Until this point, demand and supply would only confuse the matter. Demand is price sensitive though the degree may vary, as well as being influenced by the size of the consumer's wallet. Nevertheless it is clear that in above average composition industries where market prices are driven up, this will have a dampening effect on demand, and vice versa for low composition industries.

Thus before we can even attempt to deal with demand and supply concretely, we have to investigate prices of production first. And this is a complex picture, because until production is scaled up, and scale is more urgent in above average composition industries, market prices of production can repel demand by their magnitude. Until economies of scale came into play, as was the case with the car industry in the 20s, white goods production in the 50s, jet plane travel in the 60s, and latterly all kinds of electronic equipment from flat screen televisions to laptops to smartphones, mass markets for these products were non-existent. And until they did come into existence, in most cases, above average composition of capital industries would have remained insolvent due to the paucity of demand.

Economies of scale mean unit costs fall as throughput increases and accelerates. Thus it is falling costs that are driving down prices attracting demand rather than rising demand driving up prices. Despite the fall in these prices, products mentioned here continues to sell at a price above its actual cost of production. But its' very fall does create a market for the product. On the other hand, the streamlining of low composition industries such as labour-intensive garment production, has led to dresses so cheap they are thrown away after one occasional wear. Clearly here we have dresses priced at well below their cost of production, bad for garment workers and bad for the planet.

Now Fred Moseley makes a conciliatory move towards the "value form interpretationists" by declaring that Marx accepted both of the following interpretations: *SNLT(E): an equilibrium concept of SNLT = average labor-time in production, which is independent of demand and determines equilibrium prices; and SNLT(D): a disequilibrium concept of SNLT = labor-time received through exchange, that depends in part on demand and determines market prices.* So it appears that Marx accepted both SNLT(E) AND SNLT(D) based on 5 obscure quotes. Which of course is not true.

Marx was an equilibriumnist only when it came to costs of production and a disequilibriumnist only when it came to circulating prices. Thus costs of production are always based on socially necessary labour time or what is the same thing, concretely, weighted average labour times, while prices can and are divorced from these costs for a myriad of reasons in a mode of production which thrives on disequilibrium.

By failing to make this vital distinction between the equilibrium found in production and the disequilibrium found in circulation Fred Mosely plays into the hands of these clueless academics and does a disservice to Marx. As Marx says, *"But this divergence from values abolishes neither the determination*

of prices by values nor the limits on profit...” Thus Fred Moseley is guilty of both unnecessary conciliation and framing the discussion in the wrong context.

The reality is that market prices of production orbit within the gravity well generated by actual costs of production with orbits disturbed by the restless movement of capital and the never-ending cosmos of changing consumer needs and preferences which surround the well.

Cost price says it all.

The focus always appears to be on selling out prices and seldom on buying in prices, that is on cost price. But as the following example shows, it is the combination of both selling and cost price which determines the health of a capital. For example we could say that a set of capitalists who sell their product for £2 million is better off than those who sell their product for £1 million. Possibly. But what if the cost price in the first instance is £2.5 million and £0.5 million in the second, what then? Well in the first instance a loss of £0.5 million is incurred compared to a profit of £0.5 million in the second. So clearly the first set of capitalists have lost £0.5 million of their invested capital while the second set have accumulated (gained) an additional £0.5 million of capital.

Cost price is like a floor with trap doors in it. The trap door is triggered any time selling prices dive below cost prices. In this case losses are incurred. So much value is lost that capital itself is impaired. But how can this be, because according to some of the commentators, it is impossible to measure labour time. Labour time is compared to gravity, it is there, you cannot ignore it, in fact it could kill you, but you cannot see it unless black holes collide.

When prices diverge from values, this is due only to the distribution of surplus value (undivided profits). It is not because losses are redistributed. They cannot be. A loss is confined to a single capital always. This does not mean other capitals cannot benefit, they can. The economy is populated by vulture capitals circling high above auction rooms seeking to buy distressed assets belonging to bankrupt or insolvent companies, on the cheap. But this is not redistribution through the pricing system.

The point of concentrating on cost prices is that it is the net in which we capture labour time. Yes, it's difficult to measure labour time directly in a capitalist, as opposed to a communist society, because prices deviate from actual costs of production. (I will have something to say about M.E.L.T. later.) So how do we shine a light on labour time using cost price.

Any employer knows that an investment has to be labour saving. Sure there are times when it is possible to shave the amounts of inputs needed to produce each item. For example, a new technique may reduce the electricity needed to produce a single item. Just in time production methods are not relevant here except when they reduce waste. But shaving the amounts of inputs tends to be marginal. The single biggest way of reducing cost price is to increase the output per worker. That means either increasing the volume of production using the same workforce or keeping the volume constant but using a smaller workforce.

In both cases the rising productivity of labour results in a smaller element of wages being attached to each item produced bringing down its cost price. In fact the reduction in the wage element needs to overcompensate for any additional marginal costs. Capitalists cannot do much about the price of their inputs in most cases, but they do control their workforce. And what applies to one applies to all across the private property divide.

In the history of capitalism, there has never been an adoption of a technique of production that increases the labour time taken to produce an article. In the history of capitalism, competition has never allowed a producer to increase the time taken to produce an item in order to reward themselves more fully. In the days of petty commodity production when labour time was obvious, producers knew how long their competitors took to produce a thing, and that unless they could match or better it, they would lose money. In the age of capitalist commodity production, where labour time is obscured by commodities circulating as products of capital, labour time is still enforced by cost price. Any company or firm which takes too long to produce a product, thus elevating its cost price, will soon find itself going bankrupt. They could be using the same amount of inputs, the same machinery, but if these are being worked up by twice as many workers, thus doubling the labour time needed to produce the thing, then to be sure their overpayment of wages and their elevated cost price will be met by an underpayment of profit, if at all.

At its most concrete, the capitalist appears to add a profit margin to cost price to obtain the price of production. However, it is clear that if the cost price is elevated above the market average and the capitalist adds the margin needed to yield an average rate of profit, then their selling price will poke its head above the prevailing price of production and be beheaded.

In aggregate, total selling prices minus total cost prices does not produce the pool of surplus value realised in the economy, but is equal to it. Just as total cost prices are finite, so too the pool of surplus value. These finite limits are set by the total labour time expended by productive workers in a calendar year less inventories brought forward from the previous year plus inventories carried forward to next year as well as depreciation. The difference between cost price and mark up is simply composed of that part of the labour time which is paid and that part which goes unpaid.

It was this understanding which allowed me to develop the turnover formula (Note 2.) and the formula for working capital, which is the cost of gross output divided by turnover, and which in turn is equal to inputs plus workers compensation divided by turnover. This is the meaning of Marxism as an applied science not a theoretical science.

Measuring labour time in a communist society.

In a communist society prices will reward labour. To do this they will need to be tied directly to weighted average labour times. In the course of discussion around Fred Moseley's document, there was much hand wringing as to whether or not labour time can be counted. Possibly in Academia but not in the real world. National Statistical Bureaus regularly count hours, they even compare these hours to the value of output of an industry in order to determine productivity. Some Marxists even think they can measure these physical hours in terms of money (Monetary Equivalent of Labour Time or M.E.L.T.)

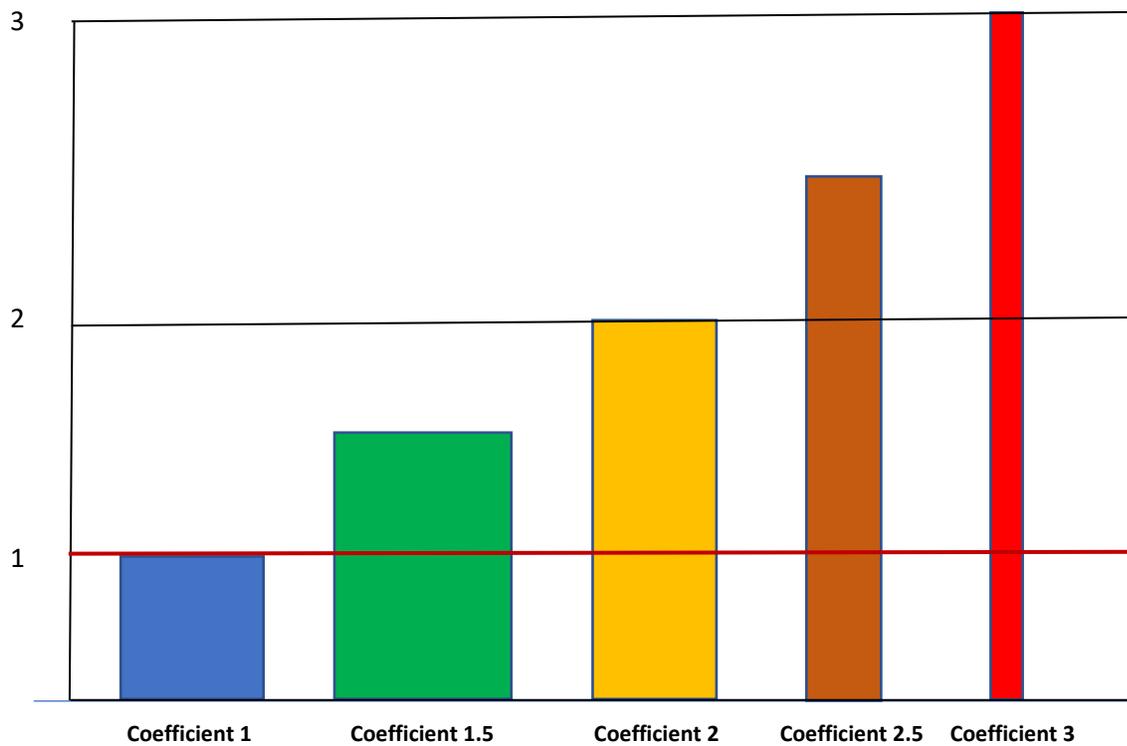
But physical hours on its own cannot be the measuring rod of labour time even when aggregated. Why, because concretely, physical hours are quantitative not qualitative. Not all labour is the same. I have made this point repeatedly, intensity, skill and productivity can each in their particular way bend or stretch physical hours.

Only one comment on the Academia site is worth responding to. What about the issue of dexterity and experience? Dexterity falls into the category intensity and experience into the category skill. We will begin with dexterity. This is primarily a function of the hand. Small hands are better suited for certain tasks for example in the electronics industry where components are small. Thus in terms of intensity, women

workers in these industries would have a higher output than men. Experience on the other hand is learning on the job. Skill is not something exclusively acquired outside production, though it is often the case that certain forms of study and research are best conducted away from the production line. The accumulation of experience is skill forming.

Intensity in a communist society will be homogenized based on capacity and thus will not be a variable any longer. The application of muscle power will be taken as a 1. The same cannot be said for skill. The higher the density of skill the greater the divergence of economic hours from physical hours as I have explained before. In the graph below we have assumed 5 levels of skill with a variation of 3 between the most and least skilled. The simple average here is 2. However we would be wrong to assume that economic hours are twice the number of physical hours. Look at the width of the graphs. They tell us that a majority of workers are found in the bottom two coefficients, that is in the less skilled categories. This means the weighted average will be below 2 and therefore the gap between physical and economic hours will be less than 2. The weighted average in this case accounts for the weight of workers in each classification. Predictably the most skilled category has fewest workers and this results in a thinner graph.

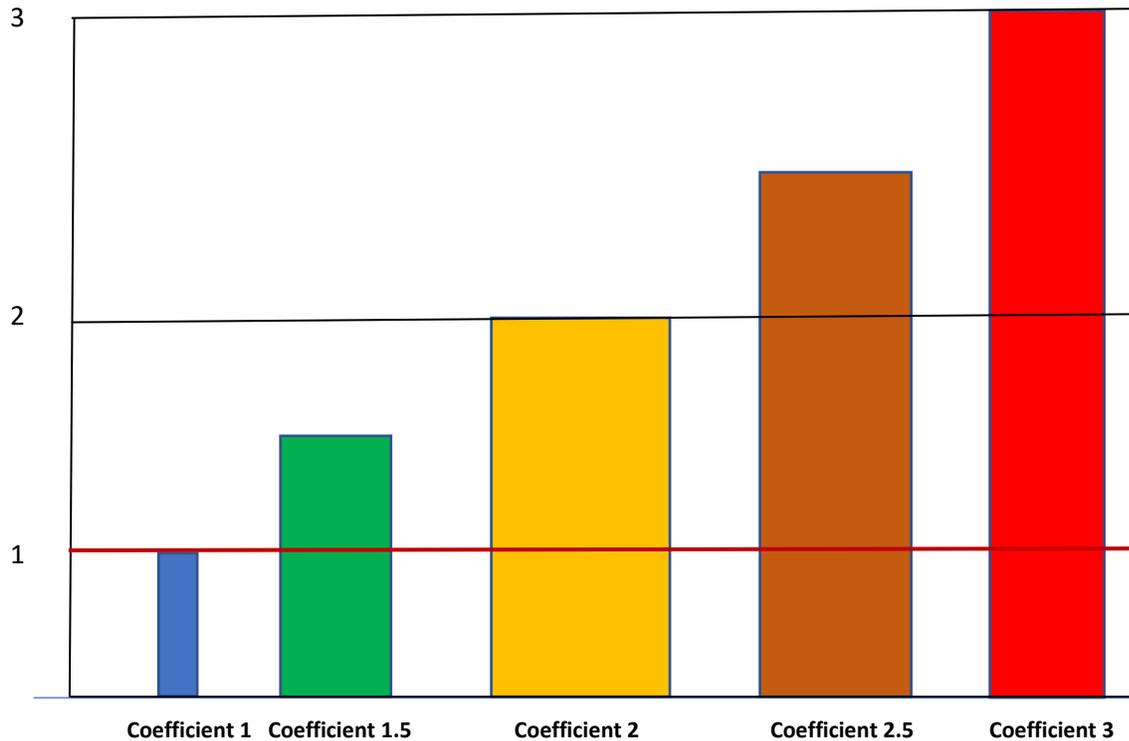
Graph 1. Dispersion of workers into skills.



The above graph is based on Marx's hypothesis that skilled work is simply multiples of unskilled labour.

Now of course, as a communist society progresses the upskilling of workers will accelerate. Unskilled work will wither and skilled work will flourish. This is represented in the graph below. In this case the gap between economic hours and physical hours will have expanded. However, while this means labour time will have increased because it is always measured by economic hours, it does not mean prices or costs will have risen because a rise in skill is normally associated with a higher burst in output.

Graph 2. Changed dispersion of workers into skills.



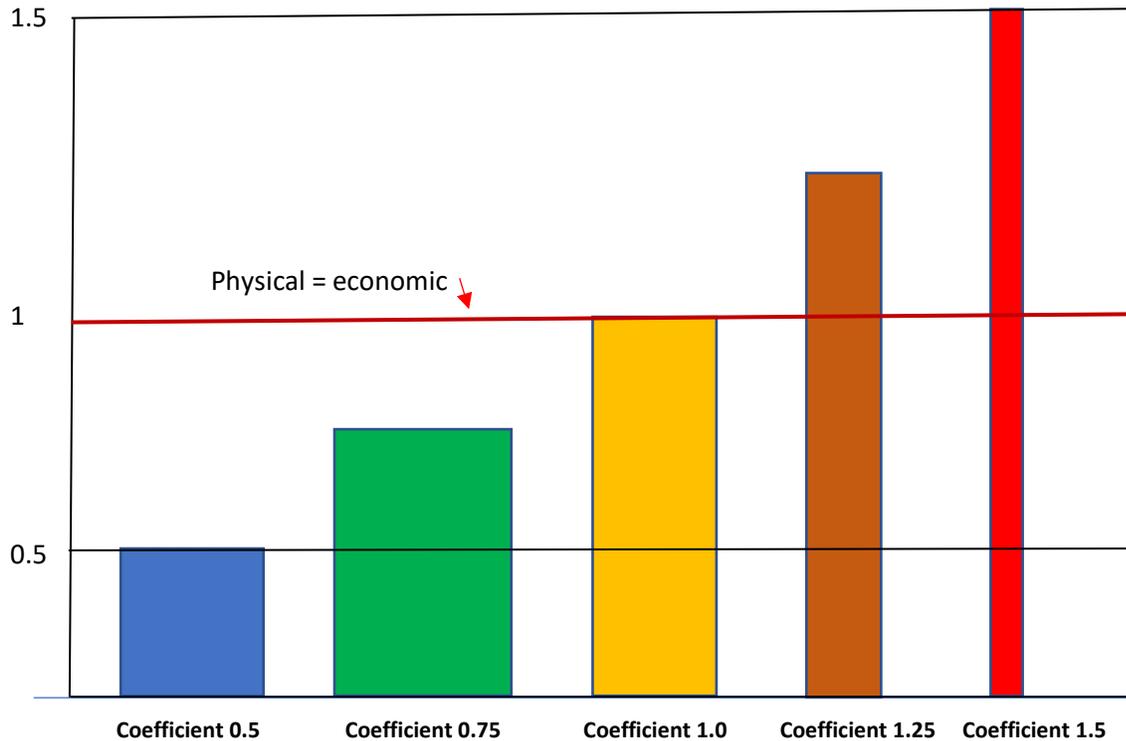
In graph 2, the amount of economic hours relative to physical hours, will now be above 2 because of the shift in the population of workers to the right resulting in a shrinkage of columns 1 and 1.5, and a swelling of 2.5 and 3. Ultimately of course workers will all be concentrated in Coefficient 3 whereupon the gap between the two counts will be exactly three and universal labour time, here posited as 1 will have become irrelevant.

Again it goes without saying that labour vouchers will record economic hours not physical hours. So a worker working 8 hours in 1 will be credited with 8 economic hours while workers in 3 will be credited with 24 economic hours though they work only 8 physically.

The advantage of this measure is that universal labour time remains invariable at 1. The disadvantage is that the gap between the economic hours and physical hours keeps expanding.

Of course it is possible to equate the physical hours with the economic hours in a future communist society as graph 3 below shows.

Graph 3. Dispersion of workers into skills.



In a sense this form of measurement is more democratic. The least skilled worker will be credited with half the amount of economic hours while the most skilled will only be credit with one and a half the economic hours because universal labour time is set in the middle of the graph rather than in the bottom half as in the former graphs. And of course this universal labour time will rise as workers move into more skilled work, making it no longer invariable. It will continue to rise until it reaches 1.5 when all workers will be fully skilled. To make it invariable at 1 each coefficient would have to be recast as the weight of skills change, a truly cumbersome process.

There are thus plusses and minuses to each methodology with the former being starker but simpler and the latter being more complex and inclusive. I am delighted to leave this conundrum to future statisticians.

We can now understand why M.E.L.T. is still born. Besides never being able to deal with discounts given by producers to merchants (wholesale and retail companies), it uses physical hours rather than economic hours to provide this metric. Similarly statistical bureaus use physical hours instead of economic hours to determine productivity ensuring the crudest of measures. Can economic hours be determined in a capitalist society, possibly, but at great effort and its results will most certainly not precipitate a pre-revolutionary period.

In conclusion.

“In other words, Marx’s theory of prices in Capital is not about market prices, but is instead about equilibrium prices, long-run average prices, which are the “centres of gravity” around which actual market prices fluctuate.” These are wrong words, not other words. In the youth of capitalism, market prices would have revolved around market values which tend to be more stable. In the developed present day capitalist economy, market prices of production revolve around prices of production which tend be more stable as

well. But these are equilibria only in the most stretched form of the definition and I am not sure it is worth pursuing this line of thought. As Marxists we should refrain from harvesting quotes to support suppositions, rather we should remain focused on what Marx developed.

Of course the proponents of VFI as Fred Mosely calls them are sprouting nonsense. Prices deviate from values in a concrete setting, not only because of an imbalance between demand and supply but for many reasons, each of which would change socially necessary labour time were they influential. Given that the movement of capital itself changes the conditions of supply, which is what happens with the averaging out of the rate of profit, we could say that socially necessary labour time must be adjusted, because prices need to be driven above costs of production in industries with an above average composition of capital. And of course vice versa for below average composition industries. Or that the business (industrial cycle) needs to be taken into account, because you see, during the upside prices tend to run ahead of values. Nonsense. All it means that labour produced and realised will diverge because of the redistribution of surplus value or its loss in certain circumstances.

In the end, the measurement of labour time and its application is not about capitalism, it is about the organisation of a future society. First and foremost we need to show how costing can be made to work, and not only made to work, but to work fairly and collectively in the future. This is why academic Marxism is not a liberating force consumed as they are in re-interpreting Marx and rendering him more profound. In the sense they are the new “Young Hegelians” though not in age. It was always going to be the case that the answers needed to break workers from the ideological yoke of the ruling class would come from outside Academia.

This is the only link I have to the site where the article and the discussion is to be found.

<https://mail.google.com/mail/u/1/#inbox/FMfcgxwLtZnhVxvnITJkfJTrvHQwjcQX>

Note 1. Nor is it relevant therefore to assume that this average exerts a gravity on all the other capitals influencing their behaviour.

Note 2. The formula is $GO/GVA + (GO-GVA)/GVA$ where GO stands for gross output and GVA stands for Gross Value Added or the relationship between total sales and final sales to yield the number of sales which equates to a single turnover period. This is the Rosetta Stone of economics enabling us to convert annual compensation into variable capital without which there can be no determination of the rate of surplus value nor the rate of profit. Finally, this formula is only possible because the System of National Accounts is based on the second volume of Das Kapital wherein is found the first input-output tables (or make and use tables) in the section on reproduction, and where is also found, the revelation, that the value of the final sale embodies all the value produced by the chain of production needed to complete that product. Marx may have wanted the head of capitalism, but before this, he gave this head the eyes it needed to understand and measure its economy. That is why it is so disturbing to see these academic Marxists floundering in the under growth of theory when so much has already been achieved.

Brian Green 16th March 2021.