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COMMUNICATION

THE LABOR THEORY OF VALUE AND ITS CRITICS[1]

THE VALUE SYMPOSIUM, PUBLISHED IN a recent issue of *Science & Society* (1984–1985), has raised a number of important unresolved questions concerning the consistency and the usefulness of Marx's labor theory of value (LTV). Most of the criticisms were not new but, in fact, have a long and controversial history. Nevertheless, the re-kindling of this debate is important, if the LTV is to receive serious consideration as a basis for modern social research. This article summarizes a non-exhaustive list of criticisms posed against the LTV by its many critics, and proposes some possible replies from the point of view of two researchers who have chosen the LTV framework.

Marx's Presentation

In the first chapter of *Capital*, Marx presents a reasoned collection of judgments concerning the basic character of social relations under capitalism, which are generally known as his "labor theory of value." Since wealth, under capitalism, presents itself as a collection of commodities, Marx starts his analysis with the concept of commodity. A commodity is something twofold. On the one hand it is a use value, since it satisfies some human need or want. In addition to being a use value, a commodity is an exchange value.

Since a given commodity is exchangeable for a *multitude of other commodities*, it cannot be the case that its exchange value derives from the circumstances of each individual exchange. Exchange value, therefore, cannot be the "accidental" result of particular circumstances, but must express some inherent property of the commodity itself. Since this inherent property is expressed by *exchangeability*, i.e., by *equality*

1 We are indebted to conversations with Gérard Duménil, Duncan Foley, Paulo Giusani, Karl Held, David Laibman, and Ed Ochoa for helpful criticisms of an earlier version of this paper.

with another commodity, it must be something which all commodities have in common. Marx further argues that this inherent property of commodities cannot be derived from their use value:

> This common element cannot be a geometrical, physical, chemical or other natural property of commodities. Such properties come into consideration only to the extent that they make the commodities useful, i.e., turn them into use values. But clearly, the exchange relation of commodities is characterized precisely by its abstraction from their use values. (Marx, 1977, p. 127.)

Therefore, Marx asserts, the common quality expressed in the exchange is the fact that both commodities are the products of human labor: "If then we disregard the use value of commodities, only one property remains, that of being products of labor" (Marx, 1977, p. 128).

However, labors which produce different use values are themselves different. The "common something" responsible for the value is therefore not the individual concrete labors, but the so-called "abstract labor" embodied in the commodities. The abstraction Marx refers to here is the social reduction of all labor to the expenditure of "human brain, muscles, nerves," etc. Quantitatively, value is determined by the time required by labor of "average skill and intensity" to produce a commodity under the average conditions of production (the socially necessary labor time). The concepts of "average skill," "average intensity," and "socially necessary" imply the comparison of numerous production processes and therefore underline the fact that the content of value is something social. Thus, abstract labor cannot be located as a technological input in the production process as concrete labor can. "So far no chemist has ever discovered exchange value either in a pearl or a diamond" (Marx, 1977, p. 177).

Marx's discussion of the fetish-like character of the commodity at the end of the first chapter re-emphasizes the social quality of value. In a generalized exchange system producers may appear separated and autonomous, but through exchange, the different production processes are linked and, in fact, reduced to the common denominator of "abstract" labor. Thus, relations between people take the form of relations between things.

Although, in Marx's presentation, the law of value is derived from exchange, its implications go beyond the formation of prices. The law of value, established in the first chapter, explains capital's drive for profit as well as the source of profit or surplus value in a capitalist economy. Marx distinguishes between labor power, the capacity to perform useful labor in production, and labor itself, the actual expenditure of human energy toward some productive end. Labor power appears on the market as a commodity and the capitalist is able to purchase this commodity at its value. However, the value of labor power is less than the abstract labor which the capitalist extracts from this same commodity in production. Surplus value is the difference between the total value produced and the value of labor power. Thus, Marx develops within the value framework an explanation of surplus value which is consistent with equal exchange of all commodities at their values and the notion that all value is created only through the expenditure of labor in production.

Criticisms of the Labor Theory of Value

Since the publication of *Capital*, numerous criticisms have been raised against the labor theory of value. Probably the most influential and comprehensive critical analysis of Marx's views was that of Böhm-Bawerk published in 1896 (Böhm-Bawerk, 1975). Böhm-Bawerk argued that the entire structure of Marx's work was unsound since the claims of Volume I contradicted those of Volume III, in addition to the fact that the claims concerning the LTV in Volume I were themselves unfounded. Böhm-Bawerk's arguments have been restated in numerous contexts and reappear in the articles from the Value Symposium as well as other recent critical commentaries (e.g., Bowles and Gintis, 1981). In addition to these traditional criticisms, a more recent anti-LTV argumentation has arisen from the neo-Ricardian school. Steedman's recent work best summarizes this line of reasoning. Below we have tried to develop a non-exhaustive list of six influential points of controversy concerning the adequacy of the labor theory of value from both of these sources. Then, in the section which follows, we attempt to reply to these criticisms:

1. Many goods which are not products of labor have exchange values (Böhm-Bawerk, 1975, p. 70).

2. The idea that a common third substance is necessary for two distinct commodities to exchange in stable proportions is wrong (Böhm-Bawerk, 1975, p. 71; Carling, 1985–85, p. 409; Bowles and Gintis, 1981, p. 5; Krause, 1982).

3. Marx arbitrarily concludes that the common substance which allows commodities to exchange is abstract labor. He doesn't give any reason why we should choose labor over utility or a physical quality (Carling, 1984–85, p. 413; Böhm-Bawerk, 1975, p. 75; Bowles and Gintis, 1981, p. 5).

4. The theory of the origin of surplus value in exploited labor is arbitrary since any commodity can formally be shown to be the source of surplus value (Bowles and Gintis, 1981, p. 19; Roemer, 1981, p. 204).

5. Labor power is not a commodity because it is not produced by abstract labor (Bowles and Gintis, 1981, p. 8).

6. The LTV is redundant since one must derive both values and prices from data concerning the economy's input-output structure and distribution (Steedman, 1977, p. 48; Bandyopadhyay, 1984–85, p. 435).

In the following section we wish to address each of these claims briefly.

Reply to the Critics

1. Some goods which are not products of labor nevertheless possess a price. This is taken to be an argument against the LTV by those who consider the LTV, like utility theory, an immutable principle of *individual* interaction, which is applicable to any good in any society. The concept of a commodity analyzed by Marx is a *social* relationship, which applies to different societies in different degrees. The greater the part of the social product that is produced as commodities, the more things are drawn into exchange and take the form of commodities, which are not themselves products of social labor.

The value relation directly applies to freely reproducible commodities. As it develops, some nonreproducible goods, such as virgin soil, obtain prices which in some cases are based on consistent economic relationships (such as rent). In addition, once the monetary character of the economy is firmly established, things which are not part of the social production process (e.g., honor, conscience, etc.) are drawn into exchange. Their price may either be determined by the accidental bargaining power of the transactors, or it may again express an economic relation.

> Things which in and for themselves are not commodities, things such as conscience, honour, etc., can be offered for sale by their holders, and thus acquire the form of commodities through their price. Hence a thing can, formally speaking, have a price without having a value. The expression of price is in this case imaginary, like certain quantities in mathematics. On the other hand, the imaginary price-form may also conceal a real value-relation or one derived from it, as for instance the price of uncultivated land, which is without value because no human labour is objectified in it. (Marx, 1977, p. 197.)[2]

The concept of value is not a rigid economic model, but reflects a law of economic interactions which may be more or less well elaborated, and which can have different scopes in different societies.

2 See also the appendix in that edition of *Capital*, "The Results of the Immediate Process of Production," pp. 1072–3.

Science consists precisely in *how* the law of value asserts itself. If one wanted at the very beginning to explain all the phenomena which seemingly contradict that law, one would have to present the science before the science. It is precisely Ricardo's mistake that in his first chapter on value he takes as given all kinds of categories which still are to be developed, in order to prove their conformity with the law of value. (Marx, 1973a, Vol. 2, letter to Kugelmann, July 11, 1868.)[3]

2. A number of critics have also questioned the conclusion that if two different things are equal then they must both be equal to a third quantity. They claim that the exchange relationship, which is represented by Marx as the equation

$$x \text{ commodity } A = y \text{ commodity } B, \qquad (1)$$

is strictly speaking not an equation at all. Carling, for example, decomposes Marx's formula into four statements, none of which, he claims, require the existence of a third thing (Carling, 1984–85, p. 409). Bowles and Gintis also make the same claim:

It is by no means clear that when two things exchange "there exists in equal quantities something common to both" which explains their rates of exchange. (Bowles and Gintis, 1981, p. 5.)

This criticism does not do justice to Marx's argument. When Marx concludes that exchange value must be the form of appearance of something different than the exchange value itself, his starting point is not the exchange of merely *two* commodities. On the contrary, he writes that "in the first form, 20 yards of linen = 1 coat, it might well be a purely accidental occurence that these two commodities are exchangeable in a specific quantitative relation" (Marx, 1977, p. 155). It is an entirely different matter when a commodity exchanges for "x boot polish, y silk or z gold" (Marx, 1977, p. 127), i.e., for numerous other commodities. In this so-called *expanded form of value*

the accidental relation between two individual commodity owners disappears. Now it becomes plain that it is not the exchange between the commodities which regulates the magnitude of their values, but rather the reverse, the magnitude of the value of commodities which regulates their exchange. (Marx 1977, p. 156.)

Only after having deduced, from the evidence of a general system of exchange, that the exchange relationship is the expression of something different than itself, Marx turns to the question "of what?" Here he argues that whatever it is, it must be the same in all commodities.

3 Translation revised by the authors.

Picking out one particular exchange relationship from the array of possible exchanges enumerated earlier, x commodity $A = y$ commodity B, he finds it remarkable that commodity B indicates that commodity A contains that unknown "substance" of the exchange value *by setting itself equal* to commodity A.

The symbol = does not express any more of a relation than does the symbol < or the symbol >, but simply a *different* relation. Why is it then precisely the relation represented by the sign of equality, by =, which expresses the value of coffee in cotton and that of the cotton in coffee?" (Marx, 1971, part III, p. 142.)

The answer is, of course, that it is because the "value," i.e., the substance of the exchange value, of coffee is *qualitatively equal* to the value of cotton.

The critics fail to distinguish the different steps in Marx's argument and assume that Marx considered only one single act of exchange. The equation (1) is not an abstract equality but an equality in a social context, commodity exchange. It no longer expresses an isolated exchange, but the stable proportions in which commodity A and commodity B exchange. Otherwise "one could not speak of a relation in which it exchanges but only of a relation in which it *is* or *has been* exchanged" (Marx, 1971, part III, p. 142). The conclusion that such a relation, seen in a social context, does imply a communality between the two commodities seems extremely reasonable to us. A system of general exchange with no communality between commodities should result in erratic exchanges, not stable patterns.

3. Probably the most often stated criticism of Marx's presentation of the LTV in the first chapter of *Capital* is that he merely asserts, without proof, that labor must be the common basis which makes commodities commensurable. For example, Böhm-Bawerk writes:

Why then, I ask again today, may not the principle of value reside in any one of these common properties as well as in the property of being products of labor? For in support of this latter proposition Marx has not adduced a shred of positive evidence. (Böhm-Bawerk, 19, pp. 75–76.)

The same point is repeated by Carling as well as by Bowles and Gintis:

The second objection to Marx's proof of the LTV is the classic knock-down argument given by Böhm-Bawerk. Suppose (what is not the case) that the form of exchange relations does indeed require a "third thing" and a value postulate of some kind to ground a measure. Why must the thing in question, and the measure, be abstract labor? (Carling, 1984/5, pp. 414–415.)

Second, should such an entity exist, it must still be shown that this coincides with some quantification of their common property of being "products of labor." While Marx eliminates some alternatives (e.g. physical properties), he by no means eliminates all. The common property of commodities as use values is dismissed without argument. Can we take seriously this cavalier treatment of what was, even in Marx's day, a major alternative to the labor theory of value? Indeed, it would be in principle impossible to eliminate all potential alternatives, since these are effectively infinite. (Bowles and Gintis, 1981, pp. 4–5.)

Although this criticism is often considered the most devastating to the LTV and is the most frequently cited, it is, in fact, the weakest. The assumption by the critics is that what Marx is doing in the first chapter of *Capital* is an attempt to "prove" the LTV. This is a methodological misunderstanding which is well recognized by many Marxists. The first chapter of *Capital* presents the basic tenets of the LTV, which can be discovered, by the process of abstraction, in the generally known facts about commodity producing society. Although this presentation traces the inner connections between the different aspects of a commodity, this itself is not a proof that commodities do have these aspects, or that these aspects of the commodity obtain real social significance in capitalism. Certain judgments, which cannot be proved directly, are always involved. This is also true of Böhm-Bawerk's alternative to the LTV, utility theory. He cannot prove that people consistently act in the manner which is needed to establish the foundations of utility theory, nor can Marx provide a simple proof of the LTV. The confrontation of the two theories takes place in their mutual ability to understand real economies and to generate empirically verifiable arguments. Marx himself wrote: "Even if there were no chapter on 'value' in my book, the analysis of the real relations which I give would contain the proof and demonstration of the real value relation" (Marx, 1973a, letter to Kugelmann, July 11, 1868). A similar line of reasoning is represented in the following three recent quotes:

The explanatory power of the law of value does not lie in the mathematical derivation of this or that quantitative tendency. . . . In the final instance, it is the explanatory power of the analysis developed through the use of these theoretical tools which decides the issue. (Dumenil, 1983, pp. 433–435.)

I would like to argue that both neoclassical and Marxist value theories are based on propositions that are . . . assumed to be true by definition. (Hunt, 1983, p. 332.)

Philosophers of science would describe such categories as abstract labor and utility as "core concepts" deeply embedded within the body of theory, surrounded with successive layers of progressively less fundamental and more concrete propositions. (Ochoa, 1985, p. 2.)

This does not mean, however, that value is merely a hypothesis that enables one to organize the phenomena under capitalism. If the word "hypothesis" is used, Marx's hypothesis is that value is something very real in capitalist society (see Coletti, 1977).

4. Many Marxists have drawn support for the labor theory of value from the mathematical equivalence of the following four facts in a circulating capital model with no joint production (i.e., no production processes with more than one output), and with wages constrained by the requirement that they allow the workers to buy a given "wage bundle" per unit of labor performed: 1) The economy is able to produce a positive net product in excess of the wage bundles for the labor input needed; 2) Positive profits are possible in all industries; 3) The equalized profit rate is positive; 4) Labor is exploited in the sense that the total labor content of the wage bundle per unit of labor is less than one.

The equivalence of (3) and (4) was considered to establish such a strong link between profits and surplus value, that it became known as the "Fundamental Marxian Theorem" (Morishima, 1973). Recently, this view has been challenged (Bowles and Gintis, 1981, pp. 18–21; Roemer, 1981, p. 204). They argued that any input can be shown mathematically to be an equally satisfactory basis of value and exploitation. Labor, from a formal point of view, does not have a privileged status.

The mathematics of the argument is the following: if A is a nondecomposable input coefficient matrix, l the row vector of direct labor coefficients, and b the column vector representing the "wage bundle," then the four conditions above are equivalent to the "viability" (or "productivity") of the following matrix:

$$\begin{bmatrix} A & b \\ l & 0 \end{bmatrix}$$

Viability, however, is a condition symmetric in all industries. Instead of singling out the "industry" producing labor power with the help of the wage bundle, any other industry could have been chosen.[4]

It is well known that one can define corn values or energy values of commodities instead of labor values, and show that corn is exploited or energy is exploited if there are positive profits. Indeed, profits are positive if and only if any input into production is exploited, if we choose to define value in terms of it. The validity of the Fundamental Marxian Theorem holds if we take as the numeraire for denominating value any other commodity than labor power. (Roemer, 1981, p. 204.)

4 It is irrelevant whether the lower right-hand element of the matrix is zero or not, i.e., whether or not the industry uses its own product as input.

In our view, this argument indicates that the Fundamental Marxian Theorem is not a proof of the labor theory of value, but this is not a challenge to the labor theory of value itself. The search for a privileged technological input in the labor process, which determines the value of the product, comes from a misunderstanding of what value is. Abstract labor is not a privileged input into production because abstract labor is *not an input into production at all.* Concrete labor is physically reflected in the product, but the fact that the product claims a part of a society's limited pool of human labor power has no bearing on it as a physical object. It is attached to the product (as a price tag) only because of the particular social relations in a commodity producing society.

5. Another popular criticism of the LTV is that labor power cannot strictly be considered a commodity. It follows, in this line of argument, that Marx's analysis of surplus value is therefore unsound. This is the main theme of the Bowles and Gintis critique of the LTV. They argue that labor power is not produced by abstract labor alone as are other commodities and therefore cannot be classified as a commodity. This is evident, they argue, from the fact that the price of production of a commodity includes the average rate of profit, while the price of labor power does not. Therefore they argue, the LTV should not limit its focus to the market, but should be broadened to include the sector which is responsible for the reproduction of labor power, the household sector.

Bowles and Gintis focus on a very narrow definition of a commodity. It is true that labor power is not produced in a capitalist firm as a slave might have been on a capitalist plantation. Labor power is reproduced in the household sector supported by a wage. Nevertheless, labor power has all of the important characteristics which make up the concept of a commodity. It is not a use value for its owner, because of the worker's separation from the means of production; it must enter the exchange process and be sold, since the owner needs money to live, and it is a use value for its buyer, the capitalist. Not only does labor power qualify as a commodity; but according to Marx (1973b, pp. 266–275), the relationship between wage labor and capital can be understood as a higher development of the contradiction between use value and exchange value of a commodity.

6. A last argument which has recently been made against the LTV is that it is redundant (Steedman, 1977, p. 48). This view is well developed in Steedman and summarized by Bandyopadhyay:

> The value magnitudes of the LTV are derivable from the physical data of the sociotechnical conditions of production, including the amount of labor performed in units of time and the real wage rate. The magnitudes of the prices

of production of the commodities and the general rate of profit are also directly derivable from the same physical data as above, and therefore we do not need to know the value magnitudes in order to know the prices and profits magnitudes. (Bandyopadhyay, 1984–85, p. 435.)

The argument is that since capitalist decisions are made on the basis of prices of production,[5] and since both values and prices of production are derived from physical data and distribution, the calculation of values is an unnecessary step.

The Marxist replies to this criticism have been divided between two lines of argumentation. Hunt has classified these two Marxist views of the labor theory of value as the "empirical" LTV view and the "rationalist" LTV view.

The empirical view of the LTV argues that values are not redundant and are necessary for the understanding of prices because they "regulate" prices of production, just as prices of production are the center of gravity of market prices. This view is closely associated with Anwar Shaikh, especially in his critique of Steedman's redundancy argument (Shaikh, 1982). Shaikh presents two arguments. First, it is not true, as Steedman claims, that values are "determined" by physical data. The word "determined" should be used in a real sense and not in the sense of measurement. We agree that this is a valid point; Shaikh goes on to argue, however, that, in a real sense, physical data (input-output relations and distribution) are determined by labor, since all of the physical inputs into any production process are themselves ultimately the results of a "labor process." He further argues that, since all production includes labor, "labor time is fundamental to the regulation of the reproduction of society" (Shaikh, 1982, p. 69). But Steedman would simply argue that physical inputs are the products of production processes which combine labor with other physical inputs. In addition, although we agree with the importance Shaikh attributes to the LTV, his statement itself cannot be correct, since it would imply that labor regulates prices in non-commodity systems as well, because these production processes are also labor processes. Marx addressed exactly this issue in the following passage:

Economy of time, to this all economy ultimately reduces itself. Society likewise has to distribute its time in a purposeful way, in order to achieve a production adequate to its overall needs. ... Thus, economy of time, along with the planned distribution of labor time among the branches of production, remains the first economic law on the basis of communal production. ... However, this is essentially different from a measurement of exchange values (labor or products) by labor time. The labor of individuals in the same branch of work, and

5 Actually they are made on the basis of market prices (Shaikh, 1982, p. 76).

the various kinds of work, are different from one another not only quantitatively but qualitatively. (Marx, 1973b, p. 173.)

Shaikh's second argument is that values are necessary since they underlie or "regulate" prices of production. The problem with the analogy of prices of production as the centers of gravity of market prices and values as the regulators of prices of production is that in the first case we have a clear mechanism by which market prices in a capitalist economy are driven toward prices of production. That mechanism is competition and is described by Marx in Chapter 10 of the Third Volume of *Capital*. However, is it possible to develop an argument for a similar mechanism by which values might regulate, limit, or establish a center of gravity for prices of production?

To attempt to answer this question we can refer to the following equations which relate values and prices of production (similar to Pasinetti, 1977). In addition to the notation employed above we use the vector λ giving every product's value, which can be calculated as $\lambda = l\,(I - A)^{-1}$. p is the vector of prices of production, and w the money wage corresponding to the equalized rate of profits r. From the condition of equal rates of profits

$$p = (pA + lw)\,(1 + r)$$

follows

$$p = l\,(I - A)^{-1}w\,(1 + r) + pA\,(I - A)^{-1}r,$$

which can be written as

$$p = \lambda w(1 + r) + pHr, \quad \text{where} \quad H = A(I - A)^{-1}. \tag{2}$$

Equation (2) can be considered an explanation of the difference between values and prices of production. They are proportional when either the rate of profit is zero or when the value vector λ is a left eigenvector of H. The ith column of the matrix H contains the inputs necessary for a production which replaces all its inputs and has as net product one unit of commodity i. This describes the makeup of a firm which has product i as output and is totally vertically integrated, i.e., overall it has no other inputs except labor. The amount of labor which it uses is, of course, λ_i, the total labor content of the ith good. λH is a row vector giving the total value of the inputs necessary to keep such a fully integrated industry running, for each such fully integrated industry. If this value is proportional to λ for each industry, this means that all these fully integrated industries have equal value compositions.

On the other hand, if these value compositions are not uniform, then prices and values cannot be proportional, this disproportionality increasing as the rate of profit grows. It follows that if one were to develop an argument for an economic mechanism which drives prices of production toward values, or at least holds them within some limits, this argument would either have to show that the rate of profit was constantly declining and not offset by rising interindustry differences of integrated capital-labor ratios, or that the capital-labor ratios were becoming closer and not offset by a rising rate of profit. Ed Ochoa has developed an argument for values as a center of gravity of prices. He argued that mechanization implies a smaller dispersion of interindustry capital-labor ratios. Calculating these ratios for the postwar U.S. economy, he finds an approximately stable pattern (Ochoa, 1985).[6] As opposed to Ochoa's empirical approach, David Laibman has constructed a mathematical model with several vintages of capital goods, in which specific assumptions about the connection between productivity growth and the growth of the technical compositions lead to asymptotically equal organic compositions in both departments (Laibman, 1981).

The second reply to the Steedman criticism has been labeled by Hunt the "rationalist" view, since no attempt is made to contend that values are the center of gravity of prices of production, nor that values are necessary to calculate prices of production. Gérard Duménil, Duncan Foley and E.K. Hunt probably best represent this school of thought (Duménil, 1983; Foley, 1982; Hunt, 1983). In this view, the purpose of the labor theory of value is theoretical. Duménil argues, for example,

> The equations for prices of production constitute just such a model and, within the limits of its explanatory power, this model remains an appropriate tool. Because of its very nature, a scientific concept has no way of substituting itself for such a model. Its own use is to provide *understanding* in a manner which will always appear superfluous to those theoreticians for whom the model itself is the ultimate level of knowledge (Duménil, 1983, p. 436).

To understand the difference between a price of production model and the labor theory of value we might return to Marx's originating question. If x commodity $A = y$ commodity B, what is the communality which allows these two commodities to exchange in stable proportions? This question is in fact a social one, and therefore cannot be answered at the level of a mathematical model which only depends

6 Ochoa considers his work on this issue as preliminary and does not consider himself as an advocate of the empirical view of the labor theory of value.

on the technological production coefficients. If we tried to reply that both have equal prices since they are both made up of a cost price plus an average rate of profit we still have the problem that cost price embodies the concept of price as well. Thus, in posing his question, Marx is asking "what is a price?" His answer is that the social reason why these two commodities exchange in given proportions is that they present equal amounts of abstract labor. The reduction of concrete to abstract labor pre-supposes certain relations of production, disjunctive owners of the means of production, etc. Prices are therefore forms of value, which are redistributed in the competitive process. The weakness of the neo-Ricardian criticism is that their price model alternative, although quite useful at one level, cannot adequately embody the social content of the LTV.

Besides their inability to explain what a price is, the neo-Ricardians confront further problems when they attempt to analyze economic phenomena without a labor theory of value. Below we propose a similar list of criticisms of neo-Ricardians as was posed for the labor theory of value.

1. The neo-Ricardian price model is an *ex post* accounting which might apply to any society with an equalized rate of return. The neo-Ricardian price model might, therefore, conceivably apply to a socialist society, even though such a society would be socially and economically quite different.

2. Neo-Ricardian theory is forced to take economic data as given and is unable to build the laws which govern income distribution and uses of the surplus product.

3. The neo-Ricardians argue that all that is needed for economic analysis is a concept of use value and a concept of price. We would argue that without a concept of value, the neo-Ricardians can calculate profits but they cannot have a theory of exploitation. A theory of exploitation in price terms requires the assumption that labor alone *creates* all of the output or use values. This view is subject to their own criticism of labor as a privileged input. A third concept between that of use value and price is necessary, namely, the concept of value, to establish exploitation. Although all of the factors of production contribute to produce the use value, only labor is responsible for its social evaluation as value.

4. The neo-Ricardians prefer to establish profit technologically, and then explain income distribution by class struggle, but how then is a theory of classes established without a theory of exploitation?

Finally, Hunt argues that since the neo-Ricardian view cannot embody a deep theoretical understanding of the organization of society, it must ultimately be absorbed into either neoclassical or Marxist thought.

This will occur, he argues, as neo-Ricardians try to extend their theory to deeper levels of analysis.

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