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# REVIEW OF MICHAEL HEINRICH, *LA SCIENZA DEL VALORE: LA CRITICA MARXIANA DELL'ECONOMIA POLITICA TRA RIVOLUZIONE SCIENTIFICA E TRADIZIONE CLASSICA*, ROMA: PGRECO, 2023

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Michael Heinrich's *Die Wissenschaft von Wert*, published in its first edition in 1991, is without doubts one of the most important books which have appeared on Marx in the last decades. Since an English translation of this work has yet to be published, it may be useful to take advantage of the recently published Italian translation to introduce the reader to its content and to discuss some of its main theses. Heinrich's book entails a meticulous analysis and discussion of all the texts devoted to Marx's project of a critique of political economy, from the *Grundrisse* of 1857-1858 to the latest manuscripts for the second and third volumes of *Capital* together with a careful reconstruction of the development of Marx's thought, showing how his original essentialist account of an alienated human nature is progressively superseded by the analysis of a specific social form, the capitalist mode of production, and of how this specific form shapes both the individual behavior and his understanding of the social world.

Heinrich's main thesis is that Marx operates a clear break with the epistemological presuppositions shared by classical political economy and by contemporary neoclassical economics alike. Despite the antagonistic theories of value and the different emphasis concerning production and consumption, these two approaches belong for him to the same 'theoretical field', i.e., they do not differ in the fundamental understanding of the nature of the object of their enquiry, which follows from four unthematized assumptions: anthropologism, individualism, a-historicity, and empiricism. Concerning the first point, the theoretical framework of political economy sets out to investigate a form of rationality that is

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believed to be inherent in human nature, and which characterizes both the producers of classical political economy, who compare the 'toil and trouble' of the different physical efforts required for producing the different commodities, and the neoclassical consumers, who compare the opportunity costs of their choices in order to maximize their satisfaction. Society, and we get to the second point, is consequently seen exclusively as a collection of individuals, each of whom is on her own the bearer of this natural form of economic rationality. Since this rationality can fully express itself only in a society mediated by commodity exchange, market society – third point – is interpreted as responding to the human essence and is therefore qualified as 'natural'. Lastly, both the human essence and the social form which follows from it are perceived as self-evident: the mere observation of empirical facts is an adequate source of knowledge of the social world in its entirety. Marx's proceeding is exactly the opposite: the behavior of economic agents does not depend on a natural disposition they're endowed with, but is shaped by a specific social structure, the capitalist mode of production, only within which social reproduction is regulated by the exchange of equivalents. Individual behavior thus ceases to be the starting point of the explanation of social phenomena and must in turn be explained by investigating the social structure as a whole. Market society ceases to be emanation of an unchanging human essence, and becomes a particular form of organization, the existence of which depends on two presuppositions: the absence of a direct socialization of labor and the separation of workers from the means of production. This different understanding of the social world implies, lastly, the rejection of any empiricist epistemology: investigation cannot begin with the observation of particular interests, desires, and practices, since these interests, desires and practices can be explained only in light of a social objectivity that is not immediately perceptible but must be conceptually grasped.

This profound transformation of the theoretical field is for Heinrich evident in Marx's development of a monetary theory of value which is far removed from the labor theory of value advanced by the classics. For the latter, value results from the individual effort necessary to the production of a particular commodity as reflected in the actual labor time spent in its production. The comparison between the working time of two individuals, for example the hunter who caught a deer in two hours versus the one who caught a beaver in four, is sufficient to determine the value of these two commodities. Money, which is introduced to facilitate exchanges, is entirely superfluous to resource allocation, which is regulated on the basis of physical effort alone. Monetary magnitudes are therefore seen as a veil which cover real relations, from which the investigation can, and indeed must, make abstraction in order to fully grasp the social mechanism. The Marxian picture is radically different. Indeed, the redistribution of social labor, i.e. the regulation of social reproduction, cannot rely on the labor time individually spent by producers, because the individual perception of effort cannot work anymore as a criterium of homogeneity for the different concrete labors, which, on a merely physical basis, are constitutively incommensurable. Only exchange can assign to the different concrete labors their relative weights as shares of the overall social labor. Abstract labor, which Marx identified as the substance of value, is therefore not to be seen as a physical magnitude, given in terms of working hours, but rather as a socially constituted one, established, independently from the traders' will, through the continuous comparisons of private labors in the market, where they acquire their social validation. Since commodities cannot be equalized in terms of working hours expended in their production, a universal equivalent is required to socially impose homogeneity between otherwise incommensurable concrete labors. Money, rather than a mere facilitating device for exchanging commodities, is therefore the necessary embodiment of the social substance of value. At the core of Marx's theory lies on the one hand, the explanation of how independent producers can be socialized through market exchange, a process which cannot be explained on the basis of natural properties of commodities and labor alike, and, on the other hand, the exposition of why the social relations at the root of capitalist production are perceived by the individuals as natural properties of things.

However, despite the ambition to subvert the theoretical field of political economy, according to Heinrich, Marx was unable to completely break away from its presuppositions. In addition to the critique of the object of enquiry as it was defined by the classicals, Marx conceived his enterprise also as a solution to the problems left unsolved by them, and was therefore led to reintroduce, often alongside his new reformulation of the issue, the same substantialist, empiricist, and individualistic outlook he was trying to overcome. In addition to the need to popularize his own findings, this explains why the first chapter of *Capital* presents elements that point to an unequivocally physiological interpretation of abstract labor. The contradictions tied to this interpretation exploded in the materials for the third book of *Capital*, where Marx proved unable to satisfactorily address the compatibility between a labor theory of value with the uniformity of the rate of profit among all the sectors in the economy, and vainly insisted on demonstrating the tendency of the rate of profit to fall. Marx's inability to completely break with a premonetary theory of value also returns in his discussion of socialism in the *Critique of the Gotha Program*, where he conceives a post-capitalist society in which social labor is redistributed by keeping account of the working hours which are necessary for the different social tasks.

The thesis that in Marx we witness the break with the anthropologism, individualism, ahistoricism and empiricism that characterize a large part of contemporary economic thought is absolutely persuasive, together with the emphasis on a monetary theory of value, which safeguards money an indispensable role in the *a posteriori* socialization proper to the capitalist mode of production. Another relevant point of his interpretation is the acknowledgment of the heterogeneity between Marx and the Neo-Ricardian project of rehabilitating an alternative approach to the neoclassical theory of value and distribution. This is true not only because money is derubricated in Neo-Ricardian models to the mere function of numerary, but also because, as Heinrich correctly observes, Marx's dynamic approach, in which technological progress is an endogenous component of capitalist accumulation, cannot be translated into the linear models of reproduction set out by the Neo-Ricardians, which must make abstraction from any change in the conditions of production. However, some objections can be raised on Heinrich's reconstruction of the relationship between classical economists and Marx. This could lead to a different interpretation of abstract labor in Marx, which can be recognized in its physiological basis without value losing its social dimension and without money losing its necessity in the evaluation of commodities. It will then be possible to return to the questions of the relationship between value and average profit, of the tendential fall in the rate of profit, and of socialism, critically discussing Heinrich's positions on these topics.

Concerning the classical economists, they did not always adhere to an individualistic and empiricist interpretation of the social structure and, consequently, of value. Value is primarily considered by them not in terms of individual sacrifice. Rather, it is first and foremost seen as the expression of the whole disposable time of society, which must be redistributed by the means of prices among the different sectors of the economy. Already in Hobbes' *Leviathan*, labor is recognized as the sole determinant of value because it is the sole cost that society must expend to reproduce and expand itself, a point reinstated by Ricardo in chapter XX of the *Principles*. The issue at the stake is, on the one hand, how to increase the share of social labor which can be devoted to the expansion of the economy and to the production of luxuries by reducing the time which society must devote to simple reproduction, and, on the other hand, which are the constraints which must be faced as capital accumulation goes on. Petty's and Smith's examination of the division of labor, Smith's analysis of the variation of the relative prices between agriculture and manufacture as well as Ricardo's analysis of diminishing returns in agriculture derive from this approach.

If the individual labor time expended in the production of an individual commodity were sufficient for the determination of the latter's value, the emphasis by these authors on the average social conditions of productions (which aren't less social than Marx's socially necessary labor time) would remain unexplained: value is always social because unequal labor times expended must be equalized in consequence of competition (and, on the other hand, equal labor times must be differentiated because of a different intensity, or of a different difficulty in producing qualitatively different labors, i.e. of a higher or lower quantity of social labor which must be devoted to their formation).

Although classical economists, believing that exchange was the natural institution for mediating social reproduction, did not recognize in value a particular and historical form of manifestation of social labor, their approach, oriented to the social structure as a whole is irreducible to an empiricist position. The fact that the classicals failed to reconcile a theory of value based on labor expended in production with the existence of other economic phenomena they observed, particularly with the uniformity of the rate of profit, does not mean that they could give up such a theory, because it would have unvalidated the whole of their research program on the causes and consequences of capital accumulation.

If Marx's analysis of the value form undoubtedly breaks away with the a-historicity and the anthropologism implicit in classical political economy, his approach to the value magnitude follow and develops the one already present, albeit not always in a coherent fashion, in the classical tradition. In each period, society spends a given quantity of abstract labor, i.e. an amount of human energy (with two dimensions: time and intensity) for the satisfaction of a series of given requirements for its own reproduction. This quantity determines the amount of new value produced in each period, a portion of which is necessary for the workers in order to access to their means of subsistence, and another one is appropriated by capitalists. In each sector, workers perform heterogeneous sets of qualitatively different tasks (concrete labors), whose only common trait is that of being shares of the socially available labor time. Commodities are then brought to the market, where two conditions will tendentially impose as regulators of their prices: competition within each sector requires that commodities of the same kind, but produced with different amounts of socially necessary labor time, must receive the same price; competition between sectors requires that commodities produced with different proportion between variable and constant capital and different turnover times must secure, for a given rate of surplus value, a uniform rate of profit for the capital advanced in their production. These two conditions can be secured only through value transfers, in the first domain from the less productive to the most productive firms; in the second domain from the industries who are more labor intensive and who have the highest turnover rate to those who are more capital intensive and have the lowest turnover rate. Since there's no a priori coordination between buyers and sellers, the production of some commodities will exceed their social demands, and their sale price won't be able to secure the average profit, or will even occur in losses, while other commodities won't be produced in the required quantities, and their producers will earn extra profits. Value transfers will therefore also take places between over and undersupplied commodities. In consequences of all these movements of redistribution, there's no proportion, for each single commodity, between the labor expended in producing it and the share of social labor it represents when sold. This latter can be manifested only through money as a universal equivalent, which is here no less necessary than in Heinrich's interpretation. This is all the truer if we consider not only the value created *ex novo* but also the value produced in previous periods, which also necessarily appears as a component of the price of commodities. At the beginning of each production process, means of production and labor power are bought at given prices which are the result of previous process of surplus value extraction and redistribution. Hence, we have a sequential process of analysis: first the determination of the social surplus value starting from the given money prices of constant and variable capital, the length of the working day and the monetary expression of labor time, then its repartition through competition. Differently from Heinrich's position, according to which the exchange autonomously fixes the relative weights in terms of value of the products of the different concrete labors, a process which remain, in the last analysis, unexplained, here the process of price formation can be accounted for through the double-sided analysis of competition and of its chaotic regulation. This approach allows, as Moseley has shown, to discuss the formation of a uniform rate of profit without assuming a double system of values and prices, as in the traditional interpretation which remounts to Bortkiewicz.

Concerning the tendential fall in the rate of profit, Heinrich's mathematical analysis correctly demonstrates it can take place only if, on the one hand, the working day cannot be prolonged indefinitely, and, on the other hand, the mass of the constant capital can grow without limits. Since the growth of the constant capital, in terms of value, is not strictly necessarily linked to economic progress, which can as well produce a fall in the value of the means of production capable to outbalance quantitative increase of machinery per worker, Heinrich argues that Marx cannot provide a demonstration that the rate of profit will necessarily fall in any possible case. He's right, but it seems to me that Marx does not want to provide a demonstration, but rather an explanation for a tendency which was held as taking place not only by Smith and Ricardo, but also, among others, Jevons, Walras and, later, Keynes. This is why he introduces the rising value composition of capital as an observable trend. Moreover, Heinrich acknowledges that, given an increasing mechanization of the economy, a stationary or falling value composition of capital can occur only if the fall in the prices of the means of production compensates not only the material increase of the latter, but also the decrease in the prices of the wage goods, which are also affected by changes in the conditions of productions of the means of production, a state of things he rightly judges improbable. Less persuasive is the attribution to Marx of a theory of simultaneous cost-minimizing competition like the one adopted by Okishio for disproving the tendential fall in the rate of profit, in consequence of which there's no reason for capitalists to introduce innovations which lowers the rate of profit. This interpretation, which Heinrich justifies on the basis of Marx's statement that capitalist have no interests in reducing labor expended in absolute term, but only to the point it allows them to reduce their unitary costs, reintroduces an interpretation of profit as a residual magnitude, which is not determined anymore by the length of the working day and by its repartition between necessary and surplus labor time, but rather as the difference between output and input. In this way, Heinrich fails to acknowledge the specific limit of capitalist production, in which the increase in material wealth is by no means absolute but limited by the condition of monetary profitability. Moreover, by equating the interest of capitalists as a class and the advantages which particular capitals can gain, this perspective ignores the possibility for the innovative capitalists to increase their individual profits by pocketing the difference between the average and their individual costs, appropriating in this way the surplus value extracted by their competitors, even if the innovation has the effect of increasing the composition of capital and, therefore, to decrease the general rate of profit.

As a final point, if one accepts that value and, therefore, money, are the specific devices for redistributing social labor in a society which produces commodity, the direct accounting of social labor which Marx ascribes to socialism is not to be seen as a vestigial of a premonetary theory, but rather as the expression of the necessity to overcome the value form in order to achieve a truly emancipated society.

These remarks, which are indeed proof of Heinrich's book thought-provoking nature, cannot be disjoined from the admiration not just for Heinrich's mastery of the whole of the Marxian production, including the texts and drafts finally made available by the new MEGA2 historical-critical edition, but also the willingness to address all the issues at the stake in Marx's project of a critique of political economy. In all these respects, Heinrich's book, finally available also in Italian, sets the standard of how a book on Marx should be written.