

# The Source versus Measure Obstacle in Value Theory<sup>1</sup>★

Geert Reuten”  
University of Amsterdam

## Introduction

The theory of value is one of the main focuses of Napoleoni's study of Classical and Marxian political economy. This concerns not only the work of its main founders (Smith, Ricardo, Marx), but also that of his Italian contemporaries, notably Sraffa. Within this realm the status and consequences of the Marxian 'transformation problem' are a prominent specific focus.

Of course this problem of 'value to price transformation' has generally been a recurrent theme in the assessment and development of Marxian theory<sup>2</sup> In my view, the major importance of this theme lies not so much in this particular transformation (there are many categorical transformations in Capital), but in that it implicitly or explicitly forces the contributors to the debate to take

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\* Geert Reuten is Associate Professor of Economics.

**N.B.**, the numbers in square brackets refer to the Bibliography at the end of the paper.

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<sup>2</sup> For recent assessment and developments, see the contributions in BELLOFIORE R. [6]; for those of a previous era, see the contributions in EBERLE E. [9].

in a view on Marxian method generally (see also Moseley [13]). This applies equally to Napoleoni.

Concerning Marx's method, I embark in this paper from the point of view that *Capital* is a conceptually layered work, from abstract categories to more concrete categories<sup>3</sup>. Although I will not elaborate on this thesis here, I will use it as the basis on which to put forward another one, i.e. that much of the discussion on 'the' transformation problem, and on the theory of value generally, has suffered from an insufficient distinction between — and indeed a confusion between — the source and the measure of value. (Re)reading Napoleoni's work prompted this thesis to me; therefore, I cordially confront it with his writings.

The distinction between source and measure is itself perhaps not new<sup>4</sup>; and presumably many of the authors that I discuss in this paper have been aware of the distinction at some point in their work — but not, I submit, in reference to 'the' transformation problem or in reference to similar problems.

## 1. - Exclosures: Positions Vis-avis the Transformation Problem

In the concluding lecture 17 of his *Lezione sul Capitolo sesto inedito di Marx*, Napoleoni [ 18], makes the stance taken vis-a-vis the so-called transformation problem the criterion for whether one positions oneself inside or outside Marxism. Of course, this is a very bold attitude generally. But even if Napoleoni had stated the matter more cautiously, I would have protested, as it places an issue at the front of the theory that is in fact based on a conceptual confusion.

I have to start with a terminological point which does not concern that confusion but, as we will see later, is nevertheless relat-

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<sup>3</sup> see e.g. ARTHUR C.J. [1], [2] [3]; SMITH T. [31] and [32]; MURRAY P., 1988, [16] and [17]; REUTEN G. [24],[25] and [26]; REUTEN G. - WILLIAMS M. [27].

<sup>4</sup> SCHUMPETER J.A. ([29], pp. 188-9) seems to hint at it when suggesting that Smith did not propose a labour theory of value (I will come back to this later) but instead a labour *numéraire* though this is not the same as a measure.

ed to it. For many Marxists, the term 'value' has the immediate connotation of 'labour embodied, even if this may mean 'abstract labour'. This also seems to be the case for Napoleoni<sup>5</sup>. In order to make this clear I will adopt the term '*LE* values' to refer to '(abstract) labour embodied value'. Even if a similar connotation were a correct interpretation of Marx's *Capital I*, chapter 1, there is also another line of argument in the same text (see Reuten [24], where the term 'abstract labour embodied, is also further explained). In this paper, I leave this issue of interpretation aside. However, as we will see later on, even if in that chapter and at that level of abstraction 'value' merely had this 'simple' meaning, the term, 'value' at a lower level of abstraction (e.g. *Capital ZZZ*) might have a more complex meaning, one not immediately related to 'abstract labour embodied,.

According to Napoleoni ([18], L17), there are four main positions that one can take vis-à-vis the transformation problem. In this section, I briefly outline these as well as Napoleoni's reasoning concerning them<sup>6</sup>.

To begin with, Napoleoni points out that according to Marx prices are determined by *LE* values together with the general rate of profit. However, prices and the profit rate in connection with the price system can be «determined» independently of the *LE* values. Therefore, *LE* values seem to be superfluous (Napoleoni [18],

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<sup>5</sup> Sometimes he uses the term 'labour value', e.g. in his *Smith, Ricardo, Marx* (NAPOLEONI C. [20], S.4.6, p. 76). (Page references are to the English edition of this book. In order to facilitate comparison with the Italian edition, I include section references — in this case Section 6 of chapter 4). Note that Marx often (as we will see, the question is when!) adopts the term 'value', or perhaps rather 'values' in a similar way (see NAPOLEONI C. [20], S.4.6, p. 77 and note 14).

<sup>6</sup> The *Lezioni sul capitolo sesto inedito* referred to were held in the spring of 1971 at the University of Turin. They were published in 1972. In the absence of an English translation, I make use of their German translation in NAPOLEONI C. [21]. Page references are to this German edition, but in order to facilitate comparison with the Italian I also refer to the lecture headings. Thus «NAPOLEONI C. [18], L17, p. 202» refers to lecture 17 page 202 of the German edition. All my citations from this text are based on my own translation (which may perhaps be deficient in the face of four language steps: from Italian to German to Dutch to English).

In English the *Capitolo sesto inedito di Marx*, is mostly referred to as the *Results of the Immediate Process of Production* (MARX K. [12]).

**L17**, pp. 202-3). Next, Napoleoni sets out the four main positions that have been taken on in response to this.

1) The first position concludes that value theory is redundant, including 'most important of all' the theory of exploitation. But therewith, since the latter is 'at the heart of Marxism', Marxism is redundant<sup>7</sup>. Nevertheless, as this position emphasizes, much of Marx's analysis of the alienation of labour in capitalism is to the point. However, it is concluded that the subsumption of labour under capital is a total alienation engendering the effective dissolving [*Aufgehen*] of labour as an autonomous category into capital; not only as concrete use-value creating labour, but also labour as an feasible [*möglicher*] value producing substance (Napoleoni [18], L17, pp. 206-7)<sup>8</sup>.

2) The second position concludes, as does the first one, that value theory is redundant, but it upholds the thesis that the capital relation is exploitative, asserting that the latter thesis does not require the theory of value. According to Napoleoni, this position presumably scores highest in terms of adherents (i.e. anno 1971). Whereas the defenders of this position consider themselves Marxists, Napoleoni asserts that this cannot be the case since giving up the labour theory of value implies giving up Marxism (Napoleoni [18], L17, pp. 208-9). He explicitly includes in this position the Sraffian one. Rightfully, Napoleoni points out that for Marx the production of use-values cannot be ascribed to labour's productivity alone; labour's uniqueness lies rather in the production of value, of abstract wealth (Napoleoni [18], L17, pp. 210-1)'.

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<sup>7</sup>According to the editor of the German edition, Cristina Pennavaja, this first position was the one taken by Napoleoni himself up to 1969. Around that time, she writes (PENNAVAJA C. ([22], pp. 7-8), Napoleoni went through a major change in his thought, and for which his resignation as editor of the *Rivista Trimestrale* in 1969 was a bench mark. Napoleoni himself reports on this break in «Quale funzione ha avuto la "Rivista Trimestrale"?», *Rinascita*, n. 39, 6 October 1972, pp. 32-3; German translation in NAPOLEONI C. [21], pp. 8-16. See also BELLOFTORE R. [7].

<sup>8</sup>It may be added that within a value-form theoretical approach one might accept the latter part of this position (total subsumption) though without giving up a theory of exploitation (Arthur seems near this view).

<sup>9</sup>«Die Produktivität der Arbeit lässt sich nach Marx nur auf dem Boden des Werts und somit der Produktion von abstraktem Reichtum erklären» (NAPOLEONI C. [18], L17, p. 211; L11, pp. 153-4). Note that if by 'value' Napoleoni this time means 'LE-value', his point is rather circular. Or there is a wider meaning of 'value' also for Napoleoni (as there is for Marx, I suggest).

The Sraffian analysis in terms of use-values is indeed at variance with Marx. However, this cannot be reason to deny that that position is a Marxist one. There is no high court to judge on that. Of course, one may disagree with the Sraffian conceptual framework, but that is quite a different matter. The stand Napoleoni takes here risks taking Marx's analysis as infallible.

3) A third position adopts a two-stages approach. Here, stages are logical stages. In the first one (presumably that of production, although he does not say this explicitly), the analysis of capital proceeds independently of exchange, thus also independently of the question whether there is exchange according to *LE* values or not. Thus, in this stage products are objectified labour, and surplus-value (*LE*) can be considered as an 'objectification of surplus labour'. In the second stage — that of exchange — the distribution of the surplus-value amongst capitals is carried out, the surplus-value being a fixed quantum as determined in the first stage.

According to Napoleoni, this third position is very similar to the second presumably because both can preserve the analysis of exploitation. This third position, he indicates, obviously sidelines [*beseitigt*] the transformation problem, since *LE* value and price of production each reside in their own sphere without the problem of their relationship emerging. Therewith, Napoleoni states, this position cannot justifiably claim to be a Marxist one. For Marx, he indicates, value must necessarily be expressed in exchange value; without exchange value, (*LE*) value does not exist: products must take on the *form* of value (that is, for Napoleoni, exchange value). But therewith, Napoleoni continues, the problem of production price is posited, since price of production is an exchange relation (Napoleoni [18], L17, pp. 21 1-2).

Even if once again Napoleoni is right concerning Marx (my reservations will be outlined later on), and justifiably points out how this position diverges from Marx, this is — as with the second position — no reason to deny that this third position is a Marxist one.

4) All this is even more surprising in the face of the 4th po-

sition, which apparently is Napoleoni's and to which he devotes only eight final lines of his final lecture. It appears, he writes, that the only position that can seriously claim to be Marxist must acknowledge that there is a problem [but that is exactly why we have these other positions!] and search for a development of Marx's analysis that solves what now appears to be an inconsistency (Napoleoni [18], L17, p. 212).

Either there is no inconsistency, in which case there is no problem, or there is an inconsistency, in which case we cannot expect a solution to remain within that inconsistency. But stepping outside the inconsistency is precisely what positions 2 and 3 have endeavoured to do. Napoleoni may not be happy with these, but if there is an inconsistency in Marx, *no* position that steps outside the inconsistency can be consistent with Marx.

## 2. - Problematic and Obstacle

In my opinion, the problem of Marx's theory lies not so much in the chapter on the transformation of values into prices of production in *Capital ZZZ*, but rather in the reading of — perhaps also in certain emphases in — Part One of *Capital I*.

On one side these relate to the two very different problematics that Marx aims to synthesize. First, that of the labour theories of value of Classical political economy, notably the writings of Smith and Ricardo. Hence the notions of embodied labour, labour time, value and exchange value, etcetera. Second, that of Hegel's form theory, hence the notions of doubling, value-form, appearance, alienation etcetera. Marx's tremendous insight into capitalism lies in the way he critically combines these two capitalist strands of thought". Nevertheless, as is always the case with path-breaking scientific innovations, Marx was insufficiently conscious of the extent of the break with his predecessors (Hegel and Ricardo). Therefore his synthesis is not complete,

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<sup>10</sup> ARTHUR C.J. [1],[3] argues how Hegel's dialectic appropriately fits capitalism.

which means there is ample room for two interpretations of Marx: one in the vein of an Hegelian Ricardianism — hence its emphasis on an (abstract-)labour embodied theory of value; the other in the vein of a Ricardian Hegelianism — hence its emphasis on a value-form theory. In my view, there is not much point in trying to ascertain which of these is the ‘true’ interpretation of Marx. The point is to try to carry on the project of synthesis: from Marx beyond Marx (that, it seems to me, can rightfully be labelled Marxism).

There is also quite a different obstacle in the opening chapters of Marx’s *Capital*, one that equally lurks behind the problems that Napoleoni was addressing and still confronts Marxian theory today: the issue of *measure* of value versus source of value. Or indeed, as I will argue in the next section, the ‘confusion’ between these two. This issue has got nothing to do with that of the two problematics referred to, although — as I will indicate — a Ricardian reading of Marx may have further built up the obstacle.

The further structure of this paper is as follows. In section 3, I present my thesis concerning this obstacle in general terms. Next I trace it back to Smith and Ricardo, and particularly to a reading of Smith and Ricardo as exemplified in Napoleoni’s ‘Smith *Ricardo Marx*’ (section 4); that section also contains Napoleoni’s views on the issue in Marx. Finally, I assess some passages in Part One of *Capital I* concerning this obstacle and confront those with the text of the *Results* (section 5). In my conclusions I will come back to the ‘positions’ distinguished by Napoleoni.

### 3. - Source and Measure of Value

The length of an object can be measured in yards, for instance. Similarly, the value of a good can be measured in terms of money, e.g. in liras. Of course, neither the yardstick nor the lira are the source or cause of the object’s length or value. If one measures the branch of a tree by yards, the question «Why so many yards?») is a non question, since that is merely due to our using the yard-

stick. A sensible question would be 'Why is this branch so long?' or «Why has it grown so much in a year?». One may then come up with an answer in terms of species, soil, water, sun and temperature. Together these provide perhaps a perfect explanation, and perhaps a more or less precise one.

The problem with some labour embodied theories of value is that they try to kill two birds with one stone. The thesis that the value of a good has its *source* in the amount of labour time expended on it is a sensible one, whether true or false. But then to *also* want to *measure* that value in terms of labour time seems dubious, or at least, not an obvious thing to do. (Considering the matter from a different theoretical perspective, one may take utility to be the source of value and still measure value in terms of labour time).

In order to measure entities in terms of length, for instance, they need to have that dimension in common. One can, for example, measure the length of a person with a yardstick, but not her or his temperature. The adequacy of any measure — and of any measuring instrument — of course depends on *what* it is supposed to measure and for what purpose.

Now back to the transformation problem. Suppose for the sake of simplicity that prices of production prevail. One may measure prices in terms of the general equivalent: i.e. money (e.g. liras). Next one may ask, for example, why has the price of  $x$  gone up, or why do  $x$  and  $z$  have the same price? Obviously, one line of explanation is in terms of labour time, the wage rate and the general rate of profit. There seems to be no logical problem here — if one is prepared to determine prices in terms of both labour time and the functional distribution of income.

A next query might be about the adequacy of the measuring instrument (liras). Of course, for some scientific purposes one might not be satisfied with the instrument adopted in practice. Thus one may come up with constructions such as price indexes (the value of a bundle of commodities measured in a base year — Laspeyres and Paassche), a standard commodity (Sraffa), labour commanded (Smith) or the wage unit (Keynes). But again, these constructions — adequate or not — in no way im-



pose on the particular proposition concerning the source of value or surplus value.

The confusion between source and measurement originates from Ricardo's work. Next, as far as Marxist theory is concerned, Marx apparently did not clearly distance himself from this Ricardian vice. Or, perhaps — further textual evidence will have to clear this up — we have once again been misled by a Ricardian reading of Marx.

Nevertheless — and here comes the complex point — even if an author is not confused about source and measurement, it may not be excluded a priori to link the two, thus e.g. to measure the degree of drunkenness of a person by the number of glasses of wine that person has consumed. Suppose that in some labour theory of value, labour embodied is proposed as the source of value. Even so, one can then *also* propose labour embodied as a measure of value. But the adequacy or inadequacy of the measure is *independent* of the truth or falsity of the proposition about source (and vice versa).

#### 4. **Napoleoni on Smith, Ricardo and Marx: Source and Measure of Value**

Napoleoni's [20], *Smith Ricardo Marx* is very instructive, not least because it is very coherent. It tells a story in which the sequence of Physiocrats, Smith, Ricardo and Marx seems not only logical but also progressive. Value theory — or, rather perhaps the theory of surplus value — is very much the organizing theme of the book. From the point of view of the topic of the current paper, I discuss its chapters 3-4, which are on Smith and Ricardo, respectively<sup>11</sup>. The short, fifth chapter on Marx deals with different issues. For Napoleoni's views on Marx concerning our topic, I rely on his 1972 book.

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<sup>11</sup> Since the Physiocrats (discussed in chapter 2 of the book) lacked a theory of value, they fall outside the scope of this paper. Note that Napoleoni emphasizes that in Physiocratic thought agricultural *labour* is productive of the surplus or 'net product' (NAPOLEONI C. [20], S2.2, pp. 12-3).

#### 4.1 Smith: Source of Value and the 'Labour Commanded' Measure of Value

Napoleoni suggests that Smith's contact with the Physiocrats during his visit to France in 1765-1766 drew his attention to the concept of 'net product', i.e. surplus. Combining this with his earlier views on the productivity of labour (see his *Glasgow Lectures* of 1763) led Smith to extend the Physiocratic concept of labour's surplus production in agriculture to labour's productive power generally. «Smith considered net product a phenomenon as general as labour itself,», Napoleoni indicates, and «According to Smith, there is no *unique* factor separate from labour, which is the original source of productivity». Particularly, profits and rent are termed by Smith «deductions from the produce of labour» (Napoleoni [20], S3.3, pp. 35-8; in the last quotation Napoleoni cites Smith). Napoleoni's view of Smith conceiving labour as the source of the surplus can be sustained with many other citations, for example: «Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his master's profit . . . Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expense, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labour is bestowed),. (Smith [30], p. 330; see also p. 65-6). So there can be little doubt that for Smith labour is the source of the surplus.

When it comes to value generally, Smith seems to be concerned primarily with the question of measurement, not with 'source'. His measure is that of 'labour commanded, or briefly the wage rate: «The value of any commodity . . . is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of all commodities. (...) [their] value is precisely equal to the quantity of labour which it can ... purchase or command,, . (Smith [30], p. 47, cited by Napoleoni [20], S3.4, pp. 39-40)<sup>12</sup>. Napoleoni, without much hes-

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<sup>12</sup> See SMITH A. [30], pp. 53-4 and 67-8.

itation links the 'source' and 'measurement' questions when he writes: «Thus, though *labour commanded* raises no difficulties as a *measure* of the value of goods, and hence of the use of the wage rate as a unit of account, it cannot be assumed, without reasoning in a circle, that *labour commanded* is the *determining* element of exchange values)). (Napoleoni [20], S3.4, p. 40). However, this comment seems superfluous (Napoleoni makes similar comments in his book of 1972 (Napoleoni [18], L1, pp. 60-3). Smith texts here and elsewhere, it seems to me, make no suggestion whatsoever to put forward 'labour commanded as the source of value'<sup>13</sup>. The question of the source of value is in fact answered by Smith in many asides, such as those on the source of the surplus cited above, and does not seem to bother him at all. Or, in other words, that seems to go without saying for him<sup>14</sup>.

#### 4.2 Ricardo's *Confusion of Source and Measure of Value*

Smith, it seems to me, did not confuse the matter of source and measure, at least not explicitly. The great confusion appears with Ricardo: «Adam Smith, who so accurately defined the original source of exchangeable value, and who was bound in consistency to maintain, that all things became more or less valuable in proportion as more or less was bestowed on their production, has himself erected another standard measure of value . . . not the quan-

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<sup>13</sup> Thus, Napoleoni proposes that Smith holds a labour theory of value in the sense of labour's productivity of the surplus of value generally (I agree); he also suggests that it is a defective theory (on misleading grounds, I submit). However, on the same or similar misleading grounds, most historiographers (e.g. SCHUMPETER J.A. [29], p. 188 and pp. 309-13; or BACKHOUSE R. [5], pp. 18-9) suggested that Smith did *not* hold a labour theory of value in this sense, but rather a 'cost of production theory', together with a more or less 'practicable' or 'usefull' labour measure of value ('labour commanded'). Thus, both types of interpretation are based on the same confusion between source and measure of value.

<sup>14</sup> Here is a great handicap for any study of historical texts: one never tells the obvious, that which is considered normal, and that which is received opinion — unless one wants to question the received view or custom. Thus, for example, at a time when it is considered obvious that the expenditure of labour on the production of goods, is the constituent of the value of commodities, one will hardly mention this.

tity of labour bestowed, but the quantity which it can command in the market: as if these were two equivalent expressions, ...» (Ricardo, [28], pp. 13-4).

The source of value and a standard of value: as though these were two equivalent expressions! This happens on the third page of his first chapter 'on value'. Ricardo, as is well known, next makes what is for him the source of value (labour embodied) equally the measure of value, without disentangling the two as separate issues. Some sections further on, after discovering that labour embodied is not altogether an adequate measure (mainly due to differing time structures of production and to changes in distribution of income) he simply reverts to money with the very modern sounding magic words: «I shall suppose it to be invariable»! (Ricardo [28], p. 46). Although in my view there are good reasons to adopt money as the measure of value, — as it is the actual measure of value (actual in its full sense) — in the way Ricardo argues for it, his extensive criticism of Smith in fact also evaporates.

Napoleoni in a comment on this aspect of Ricardo's theory in my view falls into the trap created by Ricardo. For Ricardo, labour embodied as a measure falls short. It is not sure to what extent this, in his mind, also means that labour is not fully the source of value. He confuses the two so much — one cannot but be perplexed — that this is altogether unclear". However, if we take seriously his criticism of Smith, in part cited above, we cannot but conclude that Ricardo too saw the source of value in the expenditure of labour. Ergo, it is the measure that is defective. Napoleoni seems to reproduce Ricardo's confusion:

«Faced by these difficulties in labour value theory, Ricardo finally simply contented himself with only an approximate *determination* [?] of exchange value. In other words he continues to consider the quantity of labour embodied in commodities as the decisive element in the *determination* of value, not in the sense

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<sup>15</sup> I have merely given a most brief summary of Ricardo's theory. It is worth reading through the forty pages of his chapter on value to see how much of a mess it is in this respect.

that it constitutes the unique element on which value depends, but only in the sense that it is the most important element in the **determination of that value** [or its measurement?]. Since it is evident that in a question of this type [what question?] a simple approximation cannot be allowed, for to be thus content implies the renunciation of hoping to reach an **explanation** [!] of the subject examined, the Ricardian inquiry must be considered unsuccessful,, (Napoleoni [72], S4.8, p. 79; emphasis added)<sup>16</sup>. Indeed «the Ricardian inquiry must be considered unsuccessful), but rather due to the confusion between source and measure of value<sup>17</sup>.

As I have indicated, the same issue is taken up in Napoleoni's 1972 work. Here it is stated that the kernel of Ricardo's critique of Smith's theory of value is that «labour commanded is itself a result of exchange, and therefore cannot explain exchange value» (Napoleoni [18], L1, p. 61). Once again the question is whether labour commanded is meant to explain rather than measure exchange value.

#### 4.3 Napoleoni's **Reading of Marx's Theory of Value: a Ricardian Glass**

Napoleoni's view on Marx's value theory seems to be much shaped by Ricardo's agenda. This is, of course, the case for much of Marxism. However, Napoleoni would probably be surprised with this comment of mine, since at least in the period we are considering (1969-1973), he distances himself from what he considers Neo-Ricardianism (Sraffa, Dobb, Meek). This shaping by the Ricardian agenda is clear throughout chapters 3 and 4 of the 1973 book we have just discussed. In his view, one major aspect of

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<sup>16</sup> All original emphases in citations are the original unless otherwise mentioned.

<sup>17</sup> Napoleoni reproduces this 'Ricardian vice' several times. For example in a passage on Malthus: «According to Malthus, the affirmation that the value of goods depends solely on labour embodied cannot be sustained . . . He considered that one is obliged to take up Smiths idea of 'labour commanded, the notion that is that the best measure . . .» [etcetera] (NAPOLEONI C. [20], S4.11, p. 86).

Marx's theory is that it has solved or synthesized the discrepancy between Smith's labour commanded and Ricardo's labour embodied notions. Throughout chapters 3 and 4 he emphasizes several times that labour commanded exceeds labour embodied, and that the surplus (surplus value?) is the difference between them (e.g. Napoleoni [20], S4.4, p. 70). Marx, he points out, solves the riddle by his differentiation between labour and (the value of) labour power (e.g. Napoleoni [20], S4.12, pp. 91-2). Making the conceptual difference between labour and labour embodied is indeed a major achievement of Marx. However, conceiving this conceptual difference as a solution to the Smith-Ricardo discrepancy is to start off from the Ricardian agenda. The two standards are simply incommensurate. The Smithian is in terms of the wage rate (money, sometimes the corn 'wage bundle'), and the Ricardian in terms of hours. In order to make them commensurate, one has to take a stand — Napoleoni takes the stand of Ricardo (e.g. Napoleoni [20], p. 70) and 'translates' Smith's standard into Ricardo's, i.e. that of hours.

This is not to deny that Marx sometimes was also led by the Ricardian agenda, especially when he explicitly comments on Ricardo (as in *Theories of Surplus Value*). Nevertheless, I defend the thesis that Marx in his systematic work (especially the parts of *Capital* so devised by him) presented the **apparently** Ricardian labour embodied notions as simple concepts, to be transcended by more complex ones<sup>18</sup>. However, if one misses the conceptual layered development of Marx's categories, one can get stuck in the apparent Ricardianism of Marx's start.

In Lecture 1 of his 1972 book, Napoleoni [18], provides a concise view of Marx's value theory. Napoleoni's text, it should be noted, is much richer than the few selected headlines I reproduce here. Pointedly he links Marx's concept of 'abstract labour' to alienated labour. Abstract labour, he indicates, is labour without qual-

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<sup>18</sup> I show in the next section that even apart from the conceptual development the Ricardianism in Marx is indeed largely only *apparent*. That is if one dispenses with reading Marx while wearing a Ricardian pair of glasses. This goes for matters of both source and measurement.

ity. It has 'merely a quantitative dimension; its measure is time.' Abstract labour yields [*hervorbringen*] a product that is equally abstract: i.e. value. And he continues (in italics): «Abstract labour and value are fundamentally the same, first considered as activity [*Tätigkeit*] and next as result». Or also, values are the objectification of abstract labour (Napoleoni [18], L1, pp. 66-7 and also p. 70).

I quite agree with this coalescence/union of alienation, abstract labour and value. However, my reservation concerns the measurement of abstract labour by time. A further result is, apparently, that value becomes directly linked to labour time. And even if a similar conceptualization could justifiably be put forward as a non-complex one at an abstract level, we have seen in the history of Marxian economics a hypostatization of such simple concepts to the more concrete i.e. complex levels of abstraction. Obviously then, in terms of measurement, there is no difference with the measurement of Ricardian labour embodied. Napoleoni says this in so many words: «Value is the labour embodied, or the labour objectified, in the way Ricardo conceived it . . .» (Napoleoni [18], L1, p. 68). Value is labour embodied!?

Napoleoni's Lecture 4, once again on Marx's unpublished chapter 6 (Marx [12]), particularly concerns concrete and abstract labour. Roughly this lecture covers pp. 20-29 of Marx's manuscript in the German edition, and roughly pp 992-1002 of the English edition. I will return to this text of Marx in the next section. Here I will merely quote one text of Marx cited by Napoleoni: «The labour contained in the means of production is a **specific quantity of general social labour** and [is]" represented, therefore, as a certain **amount of value or sum of money**, the **price** in fact of these means of production. The work that is added to this is a **specific additional quantity of general social labour** and [is] represented as an additional **amount of value or sum of money**» (Marx [12], pp. 993-4; cited by Napoleoni [18], L4, p. 93).

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<sup>19</sup> Instead of 'is' represented, the English translation has 'it may be' represented. The German text of Napoleoni on which I rely has *und stellt sich dar*. The same happens one sentence further on.

Directly after this, Napoleoni adds: «Until here the texts contains nothing new» (and he continues by quoting the next sentence, which does contain news, but that is not relevant to our current purposes). Why is this not new for Napoleoni? The labour is a quantity of general social labour, hence it is represented as an amount of value or sum of money. First, there is no talk of measurement by labour time; secondly, value is connected primarily to money! (It even does not say ‘exchange value’.) Something must have happened conceptually since the first chapter of *Capital*. But Napoleoni cannot see this — as no-one starting from the Ricardian agenda can<sup>20</sup>.

## 5. - The Obstacle of Source Versus Measure in Part One of *Capital I*

My aim for this last section is, first, to show that it is possible to read the first chapters of Marx’s *Capital* other than from a Ricardian point of view. This may not be convincing for everyone. And, as I will indicate, it is rather but not completely convincing: one might hold on to a Ricardian reading depending on which aspects of the text are emphasized. Apparently then, Marx himself has created a ‘source’ versus ‘measure’ obstacle? Second — and more convincing, it seems to me — is to view the matter from a more concrete level of abstraction. That is, how does Marx conceive these matters later on in his presentation? A ready-made candidate text would be that on the famous transformation in *Capital III*. However, that would require at least a full paper since that text has been edited by Engels, and would therefore require a full philological comparison of the manuscript text with that published by Engels.

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<sup>20</sup> I should like to add once again that I merely lift out one aspect from Napoleoni’s texts. My remarks here do injustice to the two works considered as a whole (NAPOLEONI C. [18],[20]). Like the 1973, [18], book the 1972, [20], text is a very rich one.



A second good candidate is the manuscript text of the *Results*, i.e. the unpublished Part Seven of **Capital** (chapter 6 in the manuscript), that was also the subject of Napoleoni's lectures referred to. Due to space limitations, I will restrict myself to its first section (Napoleoni [18], pp. 949-1019).

## 5.1 *Part One of 'Capital I'*<sup>21</sup>

### 51.1 Chapter 1: *The Commodity*

Chapter 1 of **Capital I** on the one hand points out the 'source' of value. However, that is not its main concern. (Marx feels it hardly necessary to state the, for him, obvious; see his 1868 letter to Kugelmann.) Its main concern is, first, to point out the double character of commodities and labour (Marx [11], sections 1-2, pp. 125-37 — which I will not elaborate upon in this paper), and second, the **form** determination of commodities and labour (Marx [11], sections 3-4, pp. 138-77). That the chapter is primarily on qualitative matters has been pointed out by other authors. Here I merely provide some further evidence by examining what Marx has to say about measure and measurement — which is, of course, the precondition for quantification<sup>22</sup>.

It turns out that in the fifty pages of chapter 1, the terms 'measure' or 'measurement' are hardly used at all. Perhaps the most important allusion is on the fifth page of the chapter: «A use-value ... has value only because abstract human labour is objectified . . . in it [source]. How, then, is the magnitude of this value to be measured? By means of the quantity of the 'value-form-

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<sup>21</sup> The general gist of what I say in this section is in part a correction of and in part an amplification on what I have argued in an earlier paper (REUTEN G. [24]). I am grateful to MURRAY I? [17] for pointing out several of its shortcomings. A full reply will be taken up in another paper.

<sup>22</sup> A hot topic also in contemporary economics. Economists are notoriously lazy in dimensional matters. This is the last reproach one can make to Marx. Chapter one is extremely detailed on this. In this respect, the many most explicit major and minor transformations throughout *Capital* indicate the same concern.

ing [bildenden] substance', the labour, contained in the article. This quantity is measured by its duration, and the labour-time itself is measured on the particular scale of hours, days etc» (Marx [11], p. 129) However, I will argue in the next subsection, this is a simplification to be transcended later on<sup>23</sup>.

Next, on pp. 148-149, the term measure also occurs, but as an aside with no reference to value; it is merely used as an analogy from measuring weight to explain the relative form of value.

This is *all* until the last section 4. It might be argued, however, that Marx uses the term 'magnitude' a little more often. Indeed, however, it is pretty clear that this happens in order to develop the qualitative relation of exchange (the value-form): «In this form [the general form of value] . . . all commodities appear not only as qualitatively equal, as values in general, but also as values of quantitatively comparable magnitude)) (Marx [11], p. 159 and p. 152). Thus it is the **concept** of magnitude that is developed, not its measurement.

The term 'measure(ment)' occurs somewhat more frequently in section 4 (the section on fetishism), which no-one will deny is on quality par excellence. When the term occurs it is used either to describe historical forms of production or by way of commenting on others. As to the first occurrence we have: when the product of labour assumes the form of a commodity (i.e. in a particular historical setting), Marx writes, the: ((equality of the kinds of human labour takes on a physical form in the equal objectivity of the products of labour as values; the **measure** of the expenditure of human labour-power by its duration takes on the form of the magnitude of the value of the products;,) (Marx [11], p. 164, italics added). To the extent that this is relevant, it rather leads **away** from measurement in terms of labour time, and towards measurement in terms of the value of the product.

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<sup>23</sup> It is interesting to note that in the first edition a concluding remark later on in the text, was discarded in later editions. «Now we know the substance of value. It is *labour*. We know the **measure of its magnitude**. It is *labour-time*. The *form* which stamps **value as exchange-value**, remains to be analyzed,. In the German **MEW** edition, this occurs as a footnote; in the English Fowkes edition it occurs in the main text (p. 131).

The term also occurs a few times when discussing *other* forms of production (Marx [11], p. 169-73)<sup>24</sup>.

Finally the term measurement occurs in the famous comments on Classical political economy: «Political economy has indeed analyzed value and its magnitude, however incompletely<sup>25</sup>, and has uncovered the content concealed within these forms. But it has never once asked the question why this content has assumed that particular form, that is to say, why labour is expressed in value, and why the **measurement** of labour by its duration is expressed in the magnitude of the value of the product<sup>26</sup> (Marx [11], p. 173-4, italics added). However, this is once again important evidence that measurement is not Marx's concern in this chapter; rather it is the form determination.

### 5.1.2 Chapter 2: **The Process of Exchange**

This is also clear from chapter 2, in which the term does not appear at all. When reintroducing money, Marx writes: «So far, however, we are acquainted with only one function of money, namely to serve as the **form of appearance** of the value of commodities, that is as the material in which the magnitudes of their values are socially expressed),! (Marx [11], p. 184, italics added). Thus, it is clear that he has indeed been writing about magnitude as quality; that is, quality in which magnitude could be expressed.

### 51.3 Chapter 3, S1: **The Measure of Values**

The first section of chapter 3 is devoted to **money** as the measure of value; here, of course, the term measure occurs fre-

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<sup>24</sup> Perhaps telling is that when taking the example of the family, Marx writes: «The fact that the expenditure of the individual labour-powers is measured by duration appears here, by its very nature, as a social characteristic of labour itself . . . . (MARX K. [11], p. 171).

<sup>25</sup> I reproduce part of the long footnote inserted here: «But it does not occur to the economists that a purely quantitative distinction between the kinds of labour presupposes their qualitative unity or equality, and therefore their reduction to abstract human labour» (Marx K. [11], p. 173, n. 33).

<sup>26</sup> Here follows another footnote in which the term reappears.

quently<sup>27</sup>. I focus on the three passages that might perhaps lend themselves for a labour measure interpretation.

1) «The first main function of [money] is to . . . act as a universal measure of value . . . It is not money that renders the commodities commensurable. Quite the contrary. Because all commodities, as values, are objectified human labour, and therefore in themselves commensurable, their values can be communally measured in one and the same specific commodity, and this commodity can be converted into the common measure of their values, that is into money. Money as a measure of value is the necessary form of appearance of the measure of value which is immanent in commodities, namely labour-time» (Marx [11], p. 188).

Labour is thus proposed as the common dimension of the value of commodities (((commodities, as values, are objectified human labour»)). The last sentence, referring to an immanent measure of value, is rather puzzling, and indeed might give fuel to a labour embodied interpretation. Nevertheless, labour time is not proposed as a measure.

2) However, a labour measure seems to be suggested in a sentence of Marx [11], on page 190: «The value, i.e. the quantity of human labour, which is contained in a ton of iron is expressed by an imaginary quantity of the money commodity which contains the same amount of labour as the iron».

This seems to be reinforced two pages further on:

3) «... gold can serve as a measure of value only because it is itself a product of labour, and therefore potentially variable in value), (Marx [11], p. 192).

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<sup>27</sup> The section starts with an assumption for this chapter and the rest of Volume I: «Throughout this work I assume that gold is the money commodity, for the sake of simplicity». Concerning this I have previously fallen in the same Marx-trap that I reproach Napoleoni and others for in this paper. In my 1988: 127-g and in REUTEN G. - WILLIAMS M. [27], p 65 and pp. 199-200 (for which I take the blame in this respect) I criticize Marx for adopting a commodity-money approach. CAMPBELL M. [8] in an excellent paper sets out how Marx's commodity-money starting point is a simplification, and how he gradually introduces complexities into his concept of money (she follows this through for *Capital II*). My mistake is even more surprising since in the two works referred to, the issue of conceptual levels of abstraction ranks high.

The question is whether the aim of these sentences is to say more than just that (at this level of undeveloped complexity); by analogy, a yardstick must have length in order to measure length (even if we know that at the more complex level of non-commodity money the problem of measurement extends far beyond this simple representation).

Be that as it may, even in the section under consideration there is conceptual progression, not on the side of the measure but on the side of what is measured. And this definitely leads away from measurement of labour embodied, even so, labour continues to be proposed as the source of value: «Price is the money-name of the labour objectified in a commodity. ... But although price, being the exponent of the magnitude of a commodity's value, is the exponent of its exchange-ratio with money, it does not follow that the exponent of this exchange ratio is necessarily the exponent of the magnitude of the commodity's value. (...) The magnitude of the value of a commodity therefore expresses a necessary relation to social labour-time which is inherent in the process by which its value is created. With the *transformation of the magnitude of value into the price* this necessary relation appears as the exchange-ratio between a single commodity and the money commodity which exists outside it. . . . The possibility, therefore, of a quantitative incongruity between price and magnitude of value . . . is inherent in the price-form itself. This is not a defect, but, on the contrary, it makes this form the adequate one . . . (...) Hence a thing can, formally speaking, have a price without having a value) (Marx [11], pp. 195-7, italics added).

The same point is made some pages further in the next section (which is also the last main relevant passage for our theme in all of chapter 3): «Gold, as we saw, became ideal money, or a measure of value, because all commodities measured their values in it, and thus made it the imaginary opposite of their natural shape as objects of utility, hence the shape of their value. It became real money because the commodities, through their complete alienation, suffered a divestiture or transformation of their real shapes as objects of utility, thus *making it the real embodiment of their values. When they thus assume the shape of values, commodities strip off every*

*trace of their natural and original use-value, and of 'the particular kind of useful labour to which they owe their creation, in order to pupate into the homogeneous social materialization of undifferentiated human labour'» (Marx [11], p. 204, italics added).*

From the texts cited in subsection 5.1, we may conclude that for Marx labour is the source of value. As to the measurement of value, one concern of Marx is dimensional. Initially, he stresses that for an entity to be measured along the dimension of value it must have value (by analogy, an entity must have temperature in order to have an effect on a thermometer; one cannot measure the temperature of one's thoughts). Marx's procedure here is to develop the dimension of the measure from the entity (the commodity) it measures, first in terms of simple categories, and later on in more complex terms. My reading of the texts cited above is that for Marx there is no measure of value other than money. Nevertheless, his procedure for developing this thesis may at various places be open to an interpretation in terms of a (Ricardian) labour embodied measure of value. So far, therefore, my reading may sound rather but not completely convincing.

## 5.2 'Results of the Immediate Process of Production'

The text of the *Results* is particularly relevant to our purposes, since in it Marx looks back at what has been achieved in *Capital I*. Especially, he points out the conceptual progression that has been made starting from the *simple* and insufficient categories of Part One of *Capital I* towards the already more complex categories at the end of the book (that is, when the Process of Production is nevertheless still Immediate).

That he is pointing out this conceptual development is very clear in the following fragment: «The commodity that *emerges* from capitalist production is different from the commodity we began with . . . We *begin* with the individual commodity viewed as an autonomous article in which a specific amount of labour-time is objectified and which therefore has an exchange-value of a definite amount.

The commodity may *now* be *further* defined as follows:

1) What is objectified in it — apart from its use-value — is a specific quantum of socially necessary labour».

It makes no sense to try to measure this by labour actually expended: quite apart from the fact that it would mean reducing socially necessary to 'average', it would — more importantly — make incomprehensible Marx's 'detour' to get to value and money (which is what actually happens in capitalism). He might have left Part One unwritten.

2) «... The labour expended on each commodity can no longer be calculated except as an average, i.e. an ideal estimate. ... This labour, then, is reckoned ideally as an aliquot part of the total labour expended on it. When determining the price of an individual article it appears as a merely ideal fraction of the total product in which the capital reproduces itself).

3) «...» (Marx [12], pp. 953-4).

Further on in the text, he writes in the same vein: «The more we advance into the processes of capitalist production and circulation, the more its impact on the real price of the commodity will be observed. . . .

Originally, we considered the *individual commodity in isolation*, as the result and the direct product of a specific quantity of labour. Now, as the *result*, the *product of capital*, the commodity changes in form (and later on, in the price of production, it will be changed in *substance* too). (Marx [12], p. 969, italics in original).

In the face of the general thesis of this paper, this is of course a very clarifying quote. Not only is it once again on the conceptual advance — change in form; we also see here the preview to Volume III (in part, but not solely I hold, 'the' transformation): a change in substance!

Notice also that in this text Marx always expresses value in terms of money, as for example after the passage just quoted: 'then the total quantity of labour contained in the product comes to £ 120». And again: «As far as the purely formal changes are concerned — the transformation of these commodities into money and their reversion into commodities — this process is already

present in our account of what we designated as 'simple circulation' — the circulation of commodities as such. But these commodities are at the same time the depositories of capital; they are capital that has been valorized, impregnated with surplus-value. And in this respect their circulation, which is simultaneously the reproduction process of capital, *entails further determinations alien to the abstract description of the circulation of commodities.*) (Marx [12], p. 975, italics added).

The following quotation, from much later in the text, once again emphasizes that Marx's view of measurement is quite different from Ricardian procedures: «It is not sufficient to reduce the commodity to 'labour' [as did previous economists]; labour must be broken down into its twofold form — on the one hand, into *concrete labour in the use-values of the commodity*, and on the other hand, into *socially necessary labour* as calculated in exchange-value,> (Marx [12], p. 992, italics in original).

This is followed, one page later, by the passage already quoted from Napoleoni (at the end of my section 4).

Finally, at the very end of the first section of the *Results*, Marx indicates that one indeed cannot add up hours of labour as between sectors, since the normal intensity of labour in one sector may be very different from that in another. This should be warning that the problem of inter-sectoral comparisons extends far beyond that of prices of production proper. It simply makes no sense to directly calculate in hours between sectors, as they are qualitatively different. «One further point remains to be made about *value or money* as the objectification of an average measure of general social labour. If we take spinning, for example, . . . it may be carried out with a degree of intensity normal in its particular *sphere*, ... then the labour objectified in the yarn is *socially necessary labour*. As such it has a quantitatively determinate relation to the social average in general which acts as the standard, so that we can speak of the same amount or a greater or smaller one. It itself therefore expresses a *definite quantum* of average social labour» (Marx [12], p. 1019, small capitals added).

And, of course, there is no other sensible way to express or measure this quantum other than in terms of *value or money*.



## Summary and Conclusions

In chapter one of his 1973 book, Napoleoni speculated that economic science was soon going to be made up of two major schools, a Classical (Neo-Ricardian and Sraffian)<sup>28</sup> and a Marxian. Their stand concerning value theory in a broad sense, so it seems, was for him the major dividing line between them. At that time, Napoleoni positioned himself within Marxism. We have seen that in the last chapter of his 1972 work (Napoleoni [18]), he considered the position taken in vis-a-vis the “transformation of values into prices of production” a major criterion for that (see section 1). Of course, since the position concerning this transformation has in fact major implications for the view on *Marxian method generally*, this or a similar criterion has been shared by many Marxists throughout the 20th century.

I have argued that this particular criterion — at least in the way it is treated by Napoleoni — is based on a confusion between the source and the measure of value (sections 2-3). One important root of this confusion lies in the work of Ricardo [28].

In section 4, I examined Napoleoni’s historiography on this point, as we find it in his *Smith Ricardo Marx* of 1973 (Napoleoni [20]) and his *Lezione sul Capitolo sesto inedito di Marx* of 1972 (Napoleoni [18]). We have seen that where Smith [30] seems to separate the issues of source and measure of labour — rightly so in my view, since they are entirely different matters — Ricardo [28] reproaches him for adopting the ‘labour commanded’ measure of value. It appears that Ricardo has not the faintest idea that source and measure of value are different matters, and the first chapter of his *Principles* is a mess in this respect. Napoleoni uncritically reproduces Ricardo’s criticism of Smith. It seems that Ricardo has set much of the agenda for studying these matters.

Indeed, as I showed in section 4.3, Napoleoni’s view on Marx’s value theory seems to be very much shaped by Ricardo’s agenda. This is, of course, the case for much of Marxism. However,

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<sup>28</sup> One can include here post-Keynekanism; from the point of view of value theory KEYNES J.M. [10] may be considered a Smithian.

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