REVIEW ARTICLE
THE VALUE OF VALUE

REREADING CAPITAL

By Ben Fine and Laurence Harris.
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By Simon Clarke.

> 'What we have we prize not to the worth
> Whiles we enjoy it, but being lacked and lost,
> Why then we rack the value' (*Much Ado About Nothing*, iv, i).

The CSE is now over ten years old, and in those ten years a great deal has been achieved. The history of the CSE, however, is divided into two markedly different phases.

The first phase can be characterised by the attempt to develop an understanding of Marx's *Capital* that would be relevant to the analysis of the economics of capitalism in the second half of the twentieth century. When the CSE was established there was virtually a theoretical void in this area. There had already been a return to Marxist philosophy and to Marxist history, but within economics there was no significant Marxist challenge to the radical Keynesianism that dominated the left.

The formation of the CSE brought together a few economists who had a bourgeois academic training but who had to a greater or lesser extent rejected bourgeois economics. They (we) were trying to come to terms with a Marxism which, they had been taught, was entirely discredited. The CSE provided an informal framework within which these economists could break out of their isolation and so within which a Marxist debate could be developed.

It should not be surprising that from the very beginning the CSE, although small, brought together people from many different tendencies and many different backgrounds. However at each stage of its development there has been one fundamental issue that has divided the CSE.

The first task that faced the CSE was to define the relationship between Marxism and bourgeois economics, and the fundamental issue that dominated the first phase of the CSE's development was that of whether or not Marxist economics was in fact distinct from bourgeois economics. For radical Keynesians that issue was quite a simple one — Marx was remarkable for his anticipation of Keynes, but Marxian economics could easily be reformulated in Keynesian terms. Thus the CSE held little interest for this group and most dropped out. This was perhaps unfortunate since Keynesian assumptions are still pervasive on the left and the issues have never been clarified as sharply or as publicly as they should.

The main debate within the CSE during its first phase did not set Keynesians against Marxists, it rather concerned the question of whether Marx's economic results could be reformulated in terms of some variant of general equilibrium theory, as bourgeois economists had already sought to do, or whether such an approach was quite inconsistent with Marxism.

This debate was extremely important since it addressed not only technical economic questions, but also, implicitly at least, the more fundamental question of what is Marxist economics? The attempt to reformulate Marx's economics as a form of general equilibrium theory was implicitly based on the assumption that the aim of Marx's economics was to provide a determinate theory of prices (including wages, rate of profit and, on suitable assumptions, the rate of accumulation), expressed in a soluble set of simultaneous equations. This attempt coincided with the culmination of the crisis of the dominant version of general equilibrium theory on the basis of which the naivety of Marxism had previously been established to the satisfaction of the bourgeoisie.

Within bourgeois economics the challenge to neo-classical theory was led by a number of 'physicalist' theories that based their price equations on physical production technologies instead of on the demand and supply that were causing the problems in the neoclassical system. These 'physicalist' theories, including that of Sraffa, were based on the demonstration that any given technology, or set of discontinuous technologies, could be reconciled with uniform and stable equilibrium rates of wages and profits. This kind of approach had a superficial similarity to Marx's, being based clearly in production, and gave rise to familiar Marxist results, in particular in showing, in some minimal sense, the inverse relation between wages and the rate of profit. On some readings Marx's reproduction schemes offered a remarkable anticipation of this kind of analysis. Thus it was not surprising that attempts were made to reformulate Marx's economics in these physicalist terms, nor was it surprising that these 'neo-Ricardian' reformulations of Marx led to the result that Marx's category of value was redundant and that the specific results of Marx's analysis, in particular the 'law of the tendency of the rate of profit to fall' (TRPF), were found to be erroneous.

The debate within the CSE over the significance of Marx's economics produced a considerable clarification of the technical economic issues, although the more fundamental issues about the nature of economics were not so directly confronted and remain unresolved. It also led to a hardening of positions as different groups came to believe that they had achieved the nirvana of truth. The neo-Ricardians reached their nirvana first. For them Marxism at best offered a theory of the social and political context of the capitalist economy, but Marxism had been overtaken as an economic theory by developments in mathematics and in bourgeois economics. Marx didn't do too badly for an innumerate beginner, but those who sought to continue to defend Marx were seen as sterile dogmatists who obstructed the development of economic science.

The neo-Ricardian interpretation was contested on a number of grounds within the CSE. Firstly, on technical economic grounds it was argued that Marx's categories could provide a determinate theory of prices and that the TRPF could be given a meaningful interpretation. Secondly, various arguments were put forward for the necessity of retaining Marx's concept of value, although there was little agreement as to the substance of that concept. Some (the 'Ricardians') interpreted value as a quantity of embodied labour (like the 'neo-Ricardians' they follow Ricardo in having a physicalist theory based on the technology of production, but they retain the Ricardian concept of value as embodied labour time which the 'neo-Ricardians' discard. For neo-Ricardians the Ricardian reduction of prices to labour time is considered to be unnecessary and gratuitous. Whether or not Marx had a Ricardian theory of value is a very contentious issue). They argued that the concept had to be retained because only thus could the source of surplus value and the class character of capitalism be established. This is essentially an external political rather than an internal economic argument and for the neo-Ricardians is simply a piece of dogmatic mystification.

Others (branded the 'Fundamentalists', whether as an insult or a compliment) were content to assert the necessity of the category of value for an analysis of the dynamics of accumulation largely by reference to the fundamental texts of Marx. This position had the great merit of stimulating a close study of Marx's writings, and it also reversed the neo-Ricardian challenge: instead of asking Marxism to justify itself in terms of the categories of bourgeois economics, it insisted that bourgeois economics should justify itself in terms of the categories of Marxism. Fundamentalists achieved their nirvana by laying hands on the sacred texts and tended to take their Marxism as an act of faith rather than on the basis of a rigorous demonstration of the validity of Marx's claims. The resulting dogmatism made Fundamentalism unable to take any account of the need to develop Marx's analysis to make it relevant to the analysis of contemporary capitalism. It resulted, moreover, in a rather mechanical application of Marx's categories to contemporary economic phenomena. The major difference between neo-Ricardians and Fundamentalists lay in their understanding of crisis: for the neo-Ricardians the decline in profitability that precipitates a crisis can only come about as a result of increasing wages, while for the Fundamentalists it is axiomatic that it is an expression of the TRPF and has nothing to do with the wages struggle.

The third tendency was more diffuse and less assertive than those considered so far. It is tempting to call it 'classical' in the sense that it followed the Fundamentalists in insisting on basing itself on Marx's own analysis of *Capitàl*, but also insisted, firstly, that this analysis cannot be applied mechanically and, secondly, that the analysis has to be developed to take account of factors either that Marx left in parentheses or that expressed changes in capitalism over the past century. This tendency did not treat the texts as sacred and so raised the fundamental issues firstly of the method of Marx's *Capital*: what is the status of Marx's concepts if they cannot be applied immediately to capitalism as it actually exists? And, secondly, of the nature of contemporary capitalism. It is this tendency that is represented by Ben Fine and Laurence Harris who achieve their nirvana in the book under review.

The debate between neo-Ricardians and orthodox Marxists raised not only the question of the nature of Marx's economics, but also that of the status of economics as such. This question was raised by consideration of Marx's concept of value, but was never satisfactorily confronted in the first phase of the CSE's development.

For Ricardians (old and new) value is a technical economic concept in that it specifies the material foundation of the economy and so defines economics as a (mechanical?) materialist and quantitative science. Value in this interpretation is expressed quantitatively in the amount of labour time embodied in a commodity. For the Ricardians this concept expresses the class basis of capitalist exploitation, for neo-Ricardians it is simply a redundant technical coefficient.

The more radical interpretation of the concept of value gave it more than a strictly economic significance. Marx's concept of value expresses not merely the material foundation of capitalist exploitation but also, and inseperably, its social form. Within Marxist economics this implies that value is not simply a technical coefficient, it implies that the process of production, appropriation and circulation of value is a social process in which quantitative magnitudes are socially determined, in the course of struggles between and within classes. Thus the sum of value expressed in a particular commodity cannot be identified with the quantity of labour embodied in it, for the concept of value refers to the *socially necessary* labour time embodied, to *abstract* rather than to *concrete* labour, and this quantity can only be established when private labours are socially validated through the circulation of commodities and of capital. Thus the concept of value can only be considered in relation to the entire circuit of capital, and cannot be considered in relation to production alone.

Moreover neither the quantity of labour embodied in the commodity, nor the quantity of socially necessary labout time attributed to it can be considered as technical coefficients. The social form within which labour is expended plays a major role in determining both the quantity of labour that is expended in producing a commodity with a given technology, and the relation of this quantity to the socially necessary labour time through the social validation of labour time. Finally, the technology itself cannot be treated as an exogenous variable, for the pace and pattern of technological development is also conditioned by the social form of production. Thus consideration of the social form of labour cannot be treated as a sociological study that supplements the hard rigour of the economist, it is inseparable from consideration of the most fundamental economic and even technological features of capitalism.

This more radical interpretation of the theory of value made little headway in the first phase of the CSE's development, for it undermines any attempt to formulate determinate general equilibrium systems. Instead it is concerned with uncovering the social processes that underlie the historical development of capitalism, processes that appear in a fetishised form as the quantitative determination of economic magnitudes. For this interpretation the study of the economy cannot remain at the level of the fetishised categories of economics. It has to penetrate these categories, to provide a critique of economics, by revealing the origins of economic developments in the concrete activities of men and women engaged in social life. Those trained in, and with a professional commitment to, bourgeois economics are not well equipped to make this jump. For many of those involved in the debates in the first phase of the CSE's development, therefore, the shift in emphasis that was marked by the 1976 Conference in Coventry on the Labour Process represented an abandonment of the rigour of economics and an opening of the doors to philistines, sociologists, historians, anarchists and agitators who had neither an understanding of nor a respect for the discipline and rigour of advanced neo-Marxist economics.

The most striking characteristic of the second phase of the development of the CSE, inaugurated by the Coventry Conference and sealed by going public with the founding of *Capital and Class*, has indeed been the influx of non-economists and the desertion of many academic economists. This development came about as a direct result of the theoretical advances made in the first phase of the CSE's life. The development of CSE debates made it abundantly clear, on the one hand, that Marx's *Capital* is not simply an economic text, but is vitally important for all those engaged in the intellectual and political struggle against the tyranny of capital, and, on the other hand, that the analysis of accumulation could not be entrusted to the technical expertise of economists.

Marx's *Capital* was liberated from the professional economists as it became clear that Marx's analysis provides the intellectual tools that make it possible to reconcile the concreteness and diversity of particular struggles against capital in its various forms with the unity of the development of the movement for the overthrow of capital: the whole of *Capital* is about the subordination of a diversity of concrete practical activities to the imperatives of the accumulation of capital imposed as capital passes through its circuit of self-expansion. This understanding of *Capital* developed collectively within the CSE has opened up a path between the dogmatism for which every particular struggle is reduced to an immediate expression of the eternal struggle between the ideal entities of labour and capital and the eclectic pluralism for which the only unity that particular struggles can ever achieve is a contingent and opportunistic unity. Thus the developments in the CSE have considerable political as well as intellectual importance.

The understanding of Marx developed collectively within the CSE over the past decade has only been tentative and fragmentary. It has not produced any easy solutions to the problems it has confronted, indeed the conclusion has often been that there are no neat intellectual solutions, there are only more clearly formulated political problems. The essence of debate in the CSE over the past few years has been the attempt to get beyond any facile dogmatic solutions. Marx provides the fundamental categories within which to think the social relations of capitalist society, but his work does not (surprisingly to some) provide an analysis of the class struggle in Britain in the 1980's. To apply Marx's categories to an understanding of the struggle in contemporary capitalism involves a dual process, exemplified in Marx's own work, of confronting Marx's categories with the everyday experience of contemporary capitalisms, and especially with the lessons learned through struggles against capital in all its forms. Realisation of a need for a sustained unity of theory and practice in this sense has underlain the development of CSE working groups which, at their best, bring together people from different backgrounds with different experiences and different intellectual formations in order to develop concrete Marxist analyses. It is through such organisations as the CSE Working Groups that we can hope to contribute to overcoming the gulf that has marked the left for so long between a dogmatic theory and a pragmatic practice. Bringing together different experiences within the framework of a Marxist analysis enables us to learn from each other so that we can develop as a collective organic intellectual.

For many of those who have been active in the second phase of the CSE's development the loss of the economists has been felt to be entirely beneficial, for the economists spend their whole time mystifying people with incomprehensible formulae while they completely ignore the fundamental issues. Those economists who remain in the CSE have been thrown back onto the defensive and have tended to communicate only with one another (even when they write for *Capital and Class*). I think that this assessment is entirely wrong and that the isolation of the 'economists' has had a very harmful impact on the attempt to develop an integrated Marxist analysis of the present capitalist crisis. Although much of the discussion in the first phase of the CSE's life was very technical, the issues raised were, as I have indicated, fundamental to Marxism. Moreover out of the debate came much clearer understandings (from different points of view) of the nature of accumulation and crisis, of the concepts of productive and unproductive labour, of the issues involved in the theory of value, all of which are parts of the essential foundation of any *Marxist* analysis of the present crisis.

The changes in the CSE over the last few years have meant that very few active members today participated in the debates of the first phase, and those that did talk mostly to one another. There has, therefore, been little opportunity for new members of the CSE to learn the lessons of the past debates and so a gulf has opened up between the 'economists' and the 'non-economists'. Thus, while in its first phase the CSE tended to neglect the critical dimension of Marx's *Capital* and remain at the level of the fetishised economic categories, there has been a tendency in the second phase to go to the opposite extreme and to dismiss any serious consideration of the economic aspects of accumulation and crisis as mere fetishism. This undermines any attempt to grasp the interconnections between the economic and the other social dimensions of the crisis or even, in the end, to grasp the crisis concretely as a *capitalist* crisis. This separation of the economists from the non-economists is especially damaging in the present phase of the crisis as the state attempts to limit its direct role in the resolution of the crisis, throwing the direct responsibility for resolving the crisis back onto capital. There is therefore a pressing need to renew and to develop an understanding within the CSE of the contribution that *Capital* can make to our understanding of the roots of crisis in the contradictions expressed in the circuit of capital. It is important to build on the advances made in the first phase of the CSE's development and to make them available to those involved in the CSE today. This, potentially, is the importance of the book under review.

Ben Fine and Laurence Harris's long-awaited *Rereading Capital* would perhaps more accurately be called *Rereading Old CSE Bulletins* since it is based on a thorough retrospective survey of the debates that dominated the first phase of the CSE's history. The book is extremely important in making accessible the results of these debates, and also in showing the limitations of the positions that dominated the CSE in its first phase, including that of Fine and Harris themselves.

The book is divided into two halves. The first half surveys the old CSE debates with chapters on the method of *Capital*, the transformation problem, productive and unproductive labour, the TRPF and crisis. The form of presentation is to counterpose the neo-Ricardian and Fundamentalist positions and then to offer the Fine-Harris position as a way of avoiding the complementary errors of each. On the whole Fine and Harris are much fairer to the neo-Ricardians than to the Fundamentalists, who at least had the merit of starting with Marx. The second half of the book seeks to apply the lessons of the CSE debates to the analysis of the capitalist state, the periodisation of capitalism, state monopoly capitalism, and nation states and the internationalisation of capital.

The main characteristics of the Fine-Harris interpretation of *Capital* that puts it in advance of the other interpretations that were current in the first phase of the CSE's history are, firstly, an emphasis on the unity of the circuit of capital, and, secondly, an emphasis on the importance of appreciating the levels of abstraction at which different concepts are formulated.

The emphasis on the unity of the circuit of capital is very important in counterposing a conception of capital as process to the static conceptions of the neo-Ricardians and the Fundamentalists. The neo-Ricardians tend to see production as a purely technical process of production of use-values while class struggle concerns only the distribution of those use-values that is determined in circulation. Fundamentalists only look systematically at production and see circulation as a passive link between the phases of surplus value production. Neither can see the interaction of the production of surplus value and its circulation in the integrated circuit of capital and so each has a very simplistic conception of accumulation and crisis, determined only by the course of the class struggle in either production or circulation. It is only through the examination of the unity of the circuit of capital that it is possible to see capital as a process which takes on different forms in different phases of its circuit and so to appreciate the concrete complexity of accumulation, class struggle and crisis.

Neo-Ricardians and Fundamentalists each have a reductionist conception of capital, everything being explained directly by the simple category of class struggle in production or circulation. To get beyond this reductionism it is necessary to bring out the different levels of abstraction at which different concepts are formulated in *Capital*. Fine and Harris correctly insist, against the prevailing academic fashion, that Marx's concepts are not convenient fictions but are abstractions from reality. As such different concepts are formulated at different levels of generality, the examination of concrete capitalist societies demands that we move not directly from the most abstract categories to the concrete, but that we modify the most abstract analysis in the light of considerations that enter at lower levels of abstraction. The order of abstraction is not the same as the order of determination however. For example, the concept of the commodity is formulated at a higher level of abstraction than the concept of capital, but introduction of the concept of capital transforms our understanding of the circulation of commodities when commodities become a form of capital. Thus an understanding of the nature of Marx's abstraction is essential to an understanding of the circuit of capital as a differentiated process and not as a simple expression of one of its moments.

Fine and Harris use their account of the levels of abstraction in *Capital* to reconcile the interdependence of production and circulation with their conception of the primacy of production, and it is at this point that their analysis reveals its shortcomings. They argue that for Marx relations of production are prior to relations of distribution because it is conditions in the sphere of production that determine developments in the sphere of distribution. However they do not manage to explain *why* this is so, and this is because they tend to neglect the critical dimension of *Capital*: they treat *Capital* as political economy and not as a critique of political economy. Thus they do not look systematically beyond the economic categories to the social relations that lie behind them, instead they remain on the surface of the circuit of capital and do not see it as the circuit of the forms taken by capital in its development as a social relation.

Fine and Harris's formulation is described by Marx himself as 'an extremely brilliant conception', 'an attempt to portray the whole production process as a process of *reproduction*, with circulation merely as the form of this reproductive process; and the circulation of money only as a phase in the circulation of capital. . . ' (TSV 1, p. 334). However Marx was not here abandoning his usual modesty, he was praising the achievements of the physiocrats. The physiocrats had an acute understanding of the material foundation of the reproduction of capital, an understanding which was diluted by Adam Smith, because they began 'with that branch of production which can be thought of in complete separation from and independently of circulation, of exchange; and which presupposes exchange not between man and man but only between man and nature' (*ibid*, p. 57). The isolation of production from exchange is only possible because the physiocrats, and Fine and Harris (neo-physiocrats?), neglect the social form of production, looking only at the relations 'between man and nature'.

The essential point is not simply that production is determinant within the circuit of capital (although it is true that in some sense production is so determinant), it is that the whole circuit is the circuit of *capital*, of value in motion, the fetishised from of alienated labour, and so is premised on the class relation between labour and capital. Thus production and circulation are not *independent* spheres between which relations of dependence or interdependence can subsequently be established, they are differentiated *moments* of the circuit of capital which is itself a totality. They are, specifically, differentiated forms of the social relations between capital and labour. The circuit of capital is not a *structure*, but a *process*.

The crucial conceptual distinction that underlies *Capital* is that between use-value and value, the former category expressing the material foundation of production, the latter its social form. Marx's critique of political economy focuses time and again on the confusion between use-value and value, and this confusion still marks Fine and Harris's conceptualisation of the relation between production and circulation.

If we consider the production and circulation of use-values the two spheres can be defined independently of one another: a certain determinate quantity of use-values is first produced and then exchanged one for another. However as soon as we consider the production and circulation of value, which is the basis for our understanding of the *social form* of production, it becomes impossible to consider production and circulation independently of one another. Labour time is expended in production, but this labour time is only socially validated in circulation, so *value* cannot exist prior to exchange, while *surplus value* depends on the relation between the result of two exchanges (of money capital for labour power and of commodity capital for money). Thus value cannot be determined within production, independently of the social validation of the labour expended within circulation: circulation is the social form within which apparently independent productive activities are brought into relation with one another and have the stamp of value imposed on them. However value cannot be determined in circulation either, for circulation is the form in which the social mediation of private labours takes place and the latter provide the material foundation of the social determination of value. Thus to isolate production from circulation, even analytically, is to isolate independent productive activities from one another, and so to deprive production of its social form. To isolate circulation from production, on the other hand, is to isolate the social relations between producers from their material foundation. It is in this sense that production and circulation can only be seen as moments of a whole, as the development of the contradictory unity of value and use-value with which *Capital* begins. The argument holds with added force when we turn to surplus value, and so capital, which depends in addition on the commodity form of labour power.

The idea that the circuit of capital is a totality of which production and circulation are moments is not a metaphysical idea, although Marx does say that the commodity appears to be 'a very queer thing, abounding in metaphysical subtleties and theological niceties' (*Capital*, I, p. 71, 1967 Moscow edition). The totality is not simply a conceptual totality, an Hegelian idea imposed on reality, it is real and it has a concrete existence. Its reality is that of the class relation between labour and capital, and its existence is the everyday experience of millions of dispossessed workers.

If we look only at the immediate forms of existence of the relation between capital and labour we cannot find a class relation. Within circulation capitalists and workers enter as individuals engaged in a free and equal exchange of commodities. Thus there are no class relations here. Within production again we find only individual relationships between individual capitalists and the group of workers under their command. Certainly workers have a common interest against their own capitalists, and workers have a common interest against capitalists as a whole. But a common interest is not sufficient to define an especially privileged class relation: thus workers in a particular branch of industry also have a common interest with the capitals which employ them but this does not define a class relation, nor does it undermine the priority of class relations. A class relation is not defined subjectively by the existence of a common interest, it is an objective social relation that exists independently of, and prior to, any particular interests.

The foundation of the social relation between capital and labour lies outside both production and circulation, thus outside the circuit of capital, in the separation of the labourer from the means of production and subsistence. Or rather this foundation lies not outside the circuit of capital, it suffuses the circuit as a whole. Thus the real foundation of the unity of the circuit of capital as the totality of the differentiated (economic) forms of the class relation between capital and labour lies in the separation of the labourers from the means of production and subsistence, a separation that is in turn reproduced only in the circuit of capital as a whole. Thus Marx does not discover the class relation between capital and laour in the sphere of circulation, but nor does he find it in the sphere of production, he only discovers it when he comes to consider the unity of production and circulation in the reproduction of capital, in part VII of volume I of *Capital* after he has considered the moments of the whole separately in the previous sections. In part VII of volume I, and in part I of volume II, Marx reassesses the results of the previous analysis by locating these apparently independent moments within the whole as forms of the class relation.

The class relation between capital and labour is quite distinct from other social relations because it is constituted prior to the circuit of capital, it is the social precondition for that circuit. Other social relations that develop on the basis of common economic interests are determined *within* the circuit of capital, and so presuppose the class relation between capital and labour. This applies to the relations between different capitals, between different sections of the working class, and to relations within which workers may even identify with capitalists. Moreover the dispossession of the labourer is not only the basis of the workers' entire social existence, and so the basis on which workers enter not only production and circulation, but also engage in leisure activities, enter political relationships, and conceptualise their relationships with the social and natural conditions of their existence. Dispossession is thus a total social experience, an experience not only of exploitation, but also of social, political and even natural domination. The crucial feature of the capital-labour relation is *not* that it is defined in production, but that it is prior to both production and circulation as the social precondition for human existence within a capitalist society. Production and circulation are therefore in this very concrete sense moments of a totality, particular complementary forms of a single social relation.

It is certainly true that *within* the totality production is the dominant moment. This is not, however, because everything that happens in circulation is determined by what happens in production, because as Fine and Harris recognise, circulation reacts back on production. It is because the totality of which production and circulatoin are moments is a totality within which social relations are produced and reproduced by means of the production and circulation of use-values. It is because the capitalist and worker leave the circuit as they entered it, the one in possession of the material means of production and subsistence, the other with nothing, that the social relation between them is reproduced. Thus while, on the one hand, this social relation is reproduced through both production and circulation, so that both are equally moments of the social relation between labour and capital, on the other hand the material dimension of this reproduction is the production and circulation of use-values, and the quantity of use-values available to circulation is determined within production. Thus the dominance of production within the circuit of capital comes to the fore when we consider the material aspect of the reproduction of capitalist social relations. However this material aspect only acquires its significance when considered in relation to its social form. Thus the dominance of production within the circuit of capital can only be conceptualised in relation to the circuit of capital as a whole. The unity of the two aspects of the circuit of capital is inseparable: the circuit of capital is the circuit of the production and reproduction of means of production and subsistence, on the one hand, and of social relations, on the other. But it is also contradictory: the expanded reproduction of the means of production and subsistence prejudices the reproduction of the capitalist social relation.

This point is not only of methodological or of sociological importance. It is neither another way of looking at the same thing, nor an additional dimension to be added to a previously completed analysis. It has very considerable substantive implications. Its substantive significance can be indicated by considering the specific topics that Fine and Harris discuss, although it should be added that despite their physiocratic formulation of the circuit of capital they do in practice push beyond such a conception when it cannot be sustained.

The second chapter of the book looks at the transformation problem. The basic argument is that values and prices of production relate to different levels of abstraction. There is a good exposition of the technical issues, and the treatment of the neo-Ricardians is excellent, but the weakness noted above recurs: Fine and Harris do not provide a convincing justification of value analysis not least because they do not make clear what they mean by value. The need for value theory is related to the primacy of production. Price theory cannot handle production in abstraction from exchange and so cannot theorise the class struggle, the revolutionising of the means of production, or the dislocation of production and exchange in crisis.

It is true that price theory cannot give a Marxist account of these phenomena, but that is not the point. For price theory the separation of production from exchange in this way is an artificial and arbitrary separation, so the Marxist analysis is arbitrary too. Moreover it cannot be argued that the category of value relates to considerations of production in isolation from exchange unless one adopts a physicalist concept of value as a technologically determined quantity of labour. As Fine and Harris recognise, however, the social character of labour is only validated through exchange, so value cannot be considered in isolation from exchange. Thus attention has to be focussed not primarily on production, but on the circuit as a whole.

The essential point is surely that the concept of value is not necessary so long as Marxism is seen as a technical economic theory concerned only with the production and distribution of use-values. The concept of value expresses the critical, dialectical power of Marx's theory, directing our attention beyond the apparent separation of production and exchange to their fundamental unity as forms of capitalist class relations. The point is not that value is a concept expressing abstraction from exchange, it is that both the production and the distribution of the social product are only determined within the class relation between capital and labour. Thus the necessity of value expresses the primacy of this class relation, not the primacy of production.

The transformation of value into price does not, therefore, express some purely economic relationship between production and circulation, it expresses the distinction between the distribution of the social product between capital and labour, and the redistribution of the surplus product within the capitalist class which takes place through the equalisation of the rate of profit and the formation of rent, interest and the profit of enterprise. Thus it expresses the fundamental difference between relations between classes and relations within classes. This fundamental difference is not compromised by the secondary economic consideration that the equalisation of the rate of profit can also effect a degree of redistribution between classes.

This is not simply a technical point. Marx's abstraction is not based on the logical or empirical primacy of production. It is based on the discovery that the class relation between capital and labour is centred on the exchange of labour power for capital and the subordination of social production to the production of surplus value. This is the core of Marx's theory of *Capital*, and it is on this basis that Marx could develop his critique of petit-bourgeois socialism that saw the evils of capitalism as the result of the subordination of production to the market. This has obvious political implications for the transition to socialism: socialism can only be achieved by abolishing the class relation between labour and capital. It cannot be achieved by abolishing the social character of labour or the equalisation of the rate of profit.

The chapter on productive and unproductive labour is in this respect better than that on the transformation problem because it is not possible to defend Marx's distinction on purely economic grounds. Thus the criticism of Marx's distinction offered by the neo-Ricardians and the Fundamentalists are that the distinction doesn't relate either to the theorisation of the rate of profit or to the theorisation of accumulation.

The neo-Ricardians point out that the expenditure of unproductive labour still involves the performance of surplus labour and so can indirectly support the rate of profit even though it does not directly produce surplus value. The Fundamentalists, on the other hand, have noted that some of Marx's productive labour (that in luxury production) does not produce surplus value in a form that can be accumulated. Fine and Harris therefore argue correctly that the distinction between productive and unproductive labour refers to the *form* in which surplus labour is expended, that is to say whether or not it is performed under the domination of capital in the production of surplus value, and so is the starting point for analysing the role played by economic agents in society. The differentiation is therefore seen as a social and not a technical economic one. This does not mean that problems do not remain: in particular it is not clear that it is helpful to lump together workers who do not work directly under the domination of capital, on the one hand, and workers who work under the domination of capital but in the sphere of circulation, on the other, into the same category of unproductive labour. Fine and Harris tend to see Marx's analysis as more finished than Marx's tentative comments could justify.

In looking at the law of the tendency of the rate of profit to fall Fine and Harris again organise their discussion around the theme of the primacy of production. Again they give an account of the debate that is clear and concise (especially good on the technical, organic and value composition of capital). Their position is again that of defenders of what they take to be Marx's position. However this is not so easy in the case of the TRPF even if one remains at the level of economic argument. In particular Fine and Harris are not convincing in defending Marx's separation of the law and the counteracting tendencies by attributing the former to production and the latter to exchange. The problem is that the counteracting tendencies are not all effects of exchange. In particular the production of relative and absolute surplus value is not a feature of exchange, while the production of relative surplus value is an inseparable part of the rising technical composition of capital, although like all value it is only *realised* through exchange.

The question we have to face is why did Marx not consider the production of relative surplus value in association with the law as such? Marx himself is not at all clear on this point and there is considerable force in the argument that Marx for some reason neglected to take relative surplus value into account, for he doesn't consider it systematically either in association with the law or with the counteracting tendencies. To be consistent we surely have to consider relative surplus value as an aspect of the TRPF and not of the counteracting tendencies. Within the circuit of capital this means that the TRPF effectively says that a capitalist who increases the technical composition of capital must increase the rate of exploitation in order to avoid the adverse impact of a higher technical composition of capital on the rate of profit (this still begs the question of how we measure the technical composition of capital). These indeed are the terms in which Marx discusses the introduction of new machinery in volume I: the significance of the TRPF is not determined by the primacy of production in abstraction from the circuit of capital, but by the primacy of the class relation between labour and capital in relation to the circuit as a whole. This, moreover, is how the workers experience the phenomenon described by the law of the TRPF.

Despite the criticism that has been directed at the TRPF it has enjoyed unprecedented popularity in the last few years. For many Marxists the TRPF is the most fundamental expression of the basic contradiction of capitalist society. It is worth asking how important Marx considered the TRPF to be. I think it is significant that although Marx mentions the pressure of a rising technical composition of capital on the rate of profit in volume I, which was written after volume 3, he does not give it any epochal significance. On the other hand in volume I the 'absolute general law of capitalist accumulation' is not a law that precipitates a crisis of profitability for capital, it is the tendency for capital to create relative surplus population and so to create a class that has nothing to lose but its chains. It should never be forgotten that for Marx a crisis is the means by which capital attempts to resolve its contradictions on its own terms.

The last chapter of the first part of the book, on the theory of crisis, moves a bit further away from *Capital*. The treatment is very brief and includes a good discussion of the distinction between the causes of the crisis and its form, on which the critique of neo-Ricardianism is based, and against the Fundamentalists correctly insists on the need to consider the relations between production and circulation and the role of credit in the cycle. Fine and Harris's own account, however, is very weak, picking up on their identification of the difference between the TRPF and the counteracting tendencies with the difference between production and circulation, and so arguing that a crisis involves a dislocation between the two spheres. The argument is sketchy, abstract and mechanistic.

The second part of the book is on the whole much weaker than the first as the 'structuralist' tendencies that were in the background in the first half come to the fore. Fine and Harris insist on working with a model of society as a structure of structures, instead of as a totality of processes. Thus, as we have seen, the circuit of capital is generally seen as a structure in which production is in some ill-defined sense dominant or determinant, instead of being seen as a process. A mode of production is then seen as being composed of levels: the economic, political and ideological, and again it is not clear what these levels are, how they are defined, or how they are differentiated from one another. A social formation is then made up of a number of modes of production, but again it is not clear how these modes relate to one another. This 'structuralist' model is quite inconsistent with Fine and Harris's discussion of the nature of Marx's abstraction, though it is, unfortunately, not inconsistent with their tendency to neglect the critical dimension of *Capital*.

This point emerges clearly in Fine and Harris's chapter on the state, where the structuralist model is introduced. Thus instead of continuing the discussion from the first part of the book in terms of levels of abstraction (which now only get an occasional mention), seeing political intervention in and around the circuit of capital as a form of capitalist domination defined at a lower level of abstraction than that of the circuit of capital itself, Fine and Harris switch to the levels model, leaving the 'economy' behind as they turn their attention to the 'social', as if they hadn't been writing about social relations all along. Thus Fine and Harris can seriously suggest that 'the analysis of the economic laws of motion of capitalism can be undertaken in abstraction from the social reproduction of class relation-s as a whole. In short, the economic reproduction of capital and the social reproduction of capitalism are to be distinguised, although the latter both includes the former and is essential for it' (p. 94). The so-called economic laws of motion of capitalism are for Marx quite simply the social reproduction of class relations as a whole, so how can the former be analysed in abstraction from the latter? Of course the analysis of *Capital* does not exhaust our understanding of the social relations of a capitalist society, but in deepening our understanding, making it more concrete, and relating it to a particular society, we are not moving from the 'economic laws of motion' to 'social reproduction', we are moving from an abstract to a more concrete consideration of social reproduction. The last qualifying clause in the quote above indicates that Fine and Harris are aware of this, but they don't seem to realise that that clause undermines the previous paragraph.

The structuralist formulation of the problem of the state immediately sets up the academic division of labour that the CSE has, in its collective activity, sought to undermine and threatens to reproduce the isolation of the 'economists' and the 'economic illiteracy' of the 'non-economists'. If it is the case that we can separate the reproduction of economic from that of social relations then there is no need for economists to worry about social matters, or for non-economists to worry about the economy. Yet the great merit of Fine and Harris's book in its better moments is precisely that it is trying to overcome this divide. Thus the chapter on the state tries hard to relate capital to the state, and offers quite a good methodological critique of Gough's neo-Ricardian approach to the state, but is basically riddled with confusions and contradictions, most seriously in their discussion of the work of Holloway and Picciotto (where, incidentally, they criticise Holloway and Picciotto for things that I have written and me for things that they have written, just to add to the confusion). Their own position is extremely confused because, to their credit, they are trying to overcome the obstacles that their structural model poses to an understanding of the relation between capital and the state.

The structuralist temptations also weaken the next chapter on the periodisation of capitalism. The thesis is that capitalism can be periodised into stages on the basis of stages in the socialisation of production and so the development of social relations, including political relations and the form of state. The stages that result are the familiar ones of laissez-faire, monopoly capitalism and state monopoly capitalism. The problem is two-fold: theoretically Fine and Harris don't have any consistent way of relating socialisation of production to other social and political developments. Thus they tend to pick out certain economic, political and ideological characteristics and simply to assert that there is some correspondence between them. Empirically there is the problem that the features that supposedly collectively characterise each phase are not necessarily as closely associated with one another, nor as well-defined, as Fine and Harris would like. Thus we cannot draw a clear dividing line between a phase in which absolute surplus value production is dominant and a phase in which absolute surplus value comes to dominate, for once capitalism's prehistory is completed the two are very closely associated with one another. Thus the chapter fails as a convincing treatment of the periodisation of capitalism, but it does contain many suggestive comments about the connections between different aspects of the development of British capitalism at particular stages in its history.

The following chapter on State Monopoly Capitalism takes off from the previous one, since it is describing the current stage of capitalism. Again the analysis is crude and does not convince the reader that state monopoly capitalism can be defined as a distinct stage of capitalist development. On the one hand, it is not clear at what point monopoly capitalism becomes state monopoly capitalism, nor whether the development from one to the other is either necessary or irreversible (obviously a vital issue today). The definition of state monopoly capitalism is in terms of the predominance of the state in economic reproduction, but this includes the regulation of credit, fiscal policy, nationalisation, and various other forms of intervention. It is, therefore, not clear what marks the qualitative leap from one stage to the next.

On the other hand, it is not clear that a particular level of state intervention in the economy necessarily has the political implications marked out for it by Fine and Harris. For example, the argument that state involvement in economic struggle politicises the latter and so requires social democracy to keep working class politics within a reformist straight-jacket is hardly convincing when social democracy is not necessarily associated with state monopoly capitalism. If the simple correlations that Fine and Harris propose do not hold, it is difficult to see what point there is in defining state monopoly capitalism as a specific stage of capitalist development. Nevertheless the chapter does contain some very good discussion of specific issues, in particular of the importance of the concepts of productive and unproductive labour to an understanding of the possibilities open to state workers, and especially the discussion of inflation, where Fine and Harris argue for the need to analyse inflation in the context of the circuit of capital. This is immediately relevant to a Marxist analysis of monetarism, which needs to be understood as an intervention in the circuit of capital through its effect on money capital.

The last chapter of the book is on imperialism and the nation states. The different stages of internationalisation of capital give a different periodisation of capital from that already considered. There are therefore two periodisations: competitive, monopoly and state monopoly capitalism, on the one hand, and the internationalisation of commodity, financial and productive capital, on the other. These do not necessarily coincide with one another, so that there is a complex interaction of the two. However it is very difficult to see how this analysis could be defended, for there is no way in which an adequate account of the centralisation of capital and the increasingly interventionist role of the state, that marks the first periodisation, could be carried out independently of an account of the internationalisation of capital and the interventionist state as a national state. The separation Fine and Harris make is an entirely artificial one.

I have written at such length, and been sharply critical of Fine and Harris's book because it is a very important book that should be carefully read by all those with responsibilities as Marxist intellectuals (and that doesn't just mean academics). It is a difficult book in places, and some of the argument is technical, but Marxist intellectuals have an obligation not to indicate what I consider some of those weaknesses to be, but these weaknesses in the forms of collective intellectual activity in which we are involved, which have still not overcome the bourgeois academic division of labour. Fine and Harris have attempted to surmount this divide, but still, I have suggested, remain largely within the fetishistic categories of political economy. It is very important, however, that the response to their book is not a dismissive one on this count. The book should not be seen simply as a survey of old debates, but should be used as the basis on which to enrich new ones. It is to be hoped that the recent publication by CSE Books of the important collection on value edited by Diane Elson will give those new debates a fresh impetus.