THE IMPORTANCE OF BEING ERNEST

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If we want to understand Marx, we simply have to read what he said. Marx has been subject to widespread politicisation and misinterpretation since his death and, as a consequence, many commentaries and reviews are suspect. Notwithstanding interpretative error, commentaries are a helpful means of gaining an initial understanding of the complexities inherent in the Marxian analyses of the capitalist mode of production. The work of Ernest Mandel is a good example of such work and his academic status is substantiated by his commission to write the introduction to all three volumes of capital, published by Penguin in the seventies. However, the purpose of this brief note is to illustrate that his description of the unit of (objective) measurement, utilised by Marx's theory of value (LTV), appears inconsistent with Marx's own work or, at best, is poorly explained. Since Marx's entire political economy is predicated on the LTV it is perhaps imperative to clarify the matter for posterity.

In Mandel's defining chapter of *Marxian Economics* he describes value as the fragment of the total labour *potential* during a given period of production, at the average social productivity, that is 'congealed' within a commodity and measured in minutes, hours, days or weeks (Mandel 1987). However the term *potential* implies that there is *unused* labour, during a given period of production, which is then reckoned in the final calculation of the aggregate used to establish the average labour unit. In contrast when Marx refers to the term 'total social capital' he states that the result of the 'production process of this capital' (encompassing total labour hours) is the commodity produce - that contains a use/exchange value. This implies that any unused labour is unproductive and, therefore, should be omitted from any aggregate calculation (Marx 1978, p.427).

In another passage Mandel does, however, differentiate between productive and unproductive labour, and uses the example of a pharmaceutical company product that consumers decide not to buy at all. He further states that this exercise has been a 'waste of social labour' as opposed to '*socially* necessary labour' – in which case it would imply that (at least some) value is realised in the market (Mandel 1976, p.44). This is consistent with Marx's own view when he stated that "if the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value (Marx 1976, p.141). This subsequently implies that the labour hours are not included as part of total social capital. Yet in an earlier part of the same passage Mandel says that, in addition to firms with unsold stocks, stock sold for a loss or stock sold for below average profit mean that part of this labour spent has been wasted and therefore (by implication) is also not reckoned in the aggregate calculation. This however, is problematic since in order to illustrate the distribution of surplus value between capitals realised in the market (in labour terms) it is necessary to have an aggregate number of hours that incorporates all labour spent on commodities regardless of their popularity in the marketplace. Marx did not insist that market prices reflect values in the short term he merely suggested that this tendency emerged in the longer term.

It follows, therefore, that when compiling an aggregate number of labour units for a given period of production, in order to calculate an objective unit of labour time at average productivity, that Marx's notion of total social capital is utilised. Goods sold below their value will then send signals to producing agents that then serve to reallocate resources for future production periods. This cannot, however, be reduced to a Marxian version of the 'invisible hand' since the underlying determining factor is the *value*, expressed in labour units, rather than any subjective notion of utility or effective demand.

References

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