

Comment on “Sraffa and the Labour Theory of Value: a note”

Comentário sobre “Sraffa and the Labour Theory of Value: uma nota”

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RESUMO: Este comentário responde ao artigo de Fabio Andraos de Araujo “Sraffa e a Teoria do Valor do Trabalho: uma nota” (Araujo 2019), e aborda especificamente a questão da comensurabilidade originalmente desenvolvida em Jefferies (2015).

PALAVRAS-CHAVE: Teoria do valor; Marx; Sraffa.

ABSTRACT: This comment responds to Fabio Andraos de Araujo’s article “Sraffa and the Labour Theory of Value: a note” (Araujo 2019), and specifically addresses the issue of commensurability originally developed in Jefferies (2015).

KEYWORDS: Value theory; Marx; Sraffa.

JEL Classification: B12; B14; B24.

INTRODUCTION

Araujo’s article “Sraffa and the Labour Theory of Value: a note” (2019) seeks to demonstrate that Piero Sraffa’s price system is “compatible with David Ricardo and Karl Marx’s labour embodied theory of value and with Adam Smith’s labour-commanded theory of value” (Araujo 2019: 614). Araujo explains the well-known disproportionality in Marx’s transformation procedure (Araujo 2019: 619) and criticises the various attempts of Seton, Winternitz and Meek to explain it away. The failure of these writers leads the author to recommend Sraffa’s alternative, physical price system, on the grounds that it is, at least on its own terms, mathematically consistent “we conclude from the logical point of view, Sraffa’s price system is superior to that of the classical economists and of Marx’s” (Araujo 2019: 628). This conclusion is then, somewhat bolder than the originally stated intent, for why bother with labour values if a logically superior alternative exists?

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PRODUCTION AND COMMENSURABILITY

Araujo hints at the answer when he references Jefferies (2015) and Flamant (2015). Both of which, independently criticised the physical commensurability which is the premise for Sraffa's argument. Araujo explains:

there is a physical identity of inputs and outputs in Sraffa's equations. The same physical commodity used up as mean of production appears as output. Therefore, both input and output are commensurable. However, in the real economic world commensurability is only an exception, not the rule, because production leads to transformation. In other words, during the production process inputs change physically. (Araujo 2019: 626)

The purpose of any production process is physically to transform inputs from one, less useful, form into another, more useful, form. Use value is not the source of exchange value but it is a precondition for it. This means that physical production is incommensurate. As the only thing common to all human production is humanity, so human labour provides a standard against which physical production can be measured or valued. The incommensurability of inputs and outputs, the necessary consequence of all actual production, is then the premise for the labour theory of value. Hence Adam Smith considered labour to be "the real measure of exchangeable value of all commodities" adjusted "not by any accurate measure" but the "higgling and bargaining of the market" (Smith in Ricardo 1821 [1817]: 13-14). David Ricardo's adoption of the labour theory of value in 1817 was a consequence of Thomas Malthus' refutation of Ricardo's earlier corn model. Malthus, in a letter (quoted by Sraffa) to Ricardo, observed "In no case of production, is the produce exactly of the same nature as the capital advanced. Consequently, we can never properly refer to a material rate of produce" (Malthus letter dated August 5, 1814, quoted by Sraffa 1951: xxxi-xxxii, Malthus quoted in Sinha 2019: 49). Ricardo considered the labours necessary to produce stockings; land is cultivated, raw cotton grown, conveyed to the country of manufacture in a ship, spun, woven, and sold. Each of these processes is incommensurate, it changes the physical form or place of the commodity, so that the "aggregate sum of these various kinds of labour, determines the quantity of other things for which these stockings exchange" (Ricardo 1821 [1817]: 19). As production of necessity changes the physical form of inputs, both individually and aggregate (as new products are continually developed) there can be no material rate of produce. As inputs and outputs are physically incommensurate, they have no unit of measure, and so cannot be measured. In *Capital II* Marx (1956 [1885]) made the same point, discussing the circuit of capital accumulation $M-C-P-C'-P'$. he said:

In the general formula the product P is regarded as a material thing different from the elements of the productive capital, as an object apart from the process of production and having a use-form different from that of the elements of production. (Marx (1956 [1885]: 30)

Hence, if inputs and outputs remain the same then no production has taken place, as production is a process which physically transforms inputs into different outputs. The increase in fixed capital due to industrial development means that in developed capitalism, values no longer form the centre around which prices revolve, but are replaced by prices of production. The transformation of values into prices of production is discontinuous or disproportional (something that Marx addressed in the *Grundrisse*). Marx's transformation procedure is mathematically inconsistent because it is consistent with reality.

Araujo discusses the example of milk and shows that through production it is physically transformed into a variety of incommensurate outputs. He asks:

A fundamental question arises. If in the real economic world commensurability is not the rule, as mentioned above, why in the price system of the classical economists like Smith, Ricardo, Marx and more recently Sraffa, prevails the physical commensurability between inputs and outputs? (Araujo 2019: 626)

And answers, physical commensurability is assumed because "it is fundamental to explain and to determine the price of commodities in their most basic and concise physical form" (Araujo 2019: 626). But this is clearly wrong (not for Sraffa) but for Smith, Ricardo (Malthus) and Marx. The incommensurability of inputs and outputs is the logical premise for the use of an external social numeraire, or standard of value, social labour, against which physical production can be measured. The assumption of physical commensurability, assumes away the premise for the labour theory of value, so that for Sraffa

the assumption of commensurability is a necessary and sufficient condition for the construction of the Standard Commodity. Such that if only one commodity has a physical output different from its physical input, this invalidates the major property of the Standard Commodity, that is, for it to be an invariable measure of value. (Araujo 2019: 627)

How true. But not only is one commodity incommensurate between input and output, all commodities are. *In no case of production* are outputs identical with inputs, as the purpose of production, the thing that it is, is a process which physically transforms inputs. And so, the Standard Commodity is an invariable standard of value, only in the sense that, it can *never* be applied to actual production.

Sraffa's theory rests on three essential properties; 1) that inputs and outputs are qualitatively identical, this contradicts the purpose of production which is to qualitatively change inputs into physically different outputs; 2) that relative prices are fixed, this contradicts to the purpose of capitalist production, which is to constantly revolutionise the basis of physical production and; 3) that surplus appears from nowhere or without equivalent (Jefferies 2019), this contradicts the human basis of human production. As only humans can be paid for their labour, so only humans can be unpaid for their labour, so surplus value is a quality of human la-

bour. In the process of production property is transferred from the producers to the owners of the means of production, so that although the social labour expended as input is equivalent to the social labour realised as output, a surplus value (or portion of unpaid labour) means that the sale price of the output is higher than the cost of the input.

Araujo explains Sraffa's system clearly and presents the mathematically, and so in a sense logically consistent case for it. Sraffa's faults lie elsewhere. As all actual production is a process of making inputs and outputs incommensurate, so any actual production process is incompatible with Sraffa's schema. The objection to Sraffa's physical production system is, far more fundamental than the maths, it is not a model of production.

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