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More on Exploitation and the Labour Theory of Value

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In 'The Labour Theory of Value and the Concept of Exploitation' I distinguished between two ways in which the labour theory of value is formulated, both of which are common. In the *popular* formulation, the amount of value a commodity has depends on how much labour was spent producing it. In the *strict* formulation, which is so called because it formulates the labour theory of value proper, the amount of value a commodity has depends on nothing about its history but only on how much labour would (now) be required to produce something just like it. I argued that strict and popular formulations are often wrongly treated as substantially equivalent, and that the practice of conflating them sustains two false impressions: that the labour theory of value is a basis for saying that capitalists exploit workers, and that the labour theory of value is true. The present paper is a reply to Nancy Holmstrom's recent attempt, in 'Marx and Cohen on Exploitation and the Labor Theory of Value', to refute the theses of the article referred to above.

This paper is a response to Nancy Holmstrom's 'Marx and Cohen on Exploitation and the Labor Theory of Value' (*Inquiry*, this issue),¹ which criticizes my 'The Labour Theory of Value and the Concept of Exploitation'.² In Section I I expound the rudiments of the labour theory, as Marx presents them in the opening pages of *Capital*.³ Section II rehearses the claims of my earlier article, and Section III offers a revision of one of them. I deal in Section IV with Holmstrom's argument against my thesis that the labour theory of value is an unsuitable basis on which to argue that capitalists exploit workers, and in Section V with her argument against my independent thesis that the labour theory is, moreover, false.

I

Capital begins with what Marx rightly regards as the elementary phenomenon of capitalism, which is the commodity. A commodity is an object which 'satisfies human wants' (*M*, 35) (and is therefore, in Marxian language, a *use-value*), and which undergoes market exchange with other such objects, the ratios in which it exchanges with them constituting its *exchange-value*. So a commodity is a use-value which is a 'depository of exchange-value' (*M*, 36).

Focus on the commodity leads to the first *explanandum* of *Capital*, which is the fact that commodities exchange against one another not haphazardly but, within given limits of time and space, in definite proportions (*M*, 37). It is required to explain why they exchange in the ratios they do, or, in more modern terms, what determines their equilibrium prices. Why, for example, is one quarter of corn worth x hundredweight of iron?

Marx replies that if, as he puts it, '1 quarter corn = x cwt. iron', then in each 'there exists in equal quantities something common to both . . . Each of them, so far as it is exchange-value, must therefore be reducible to this third', which is its value, and of which exchange-value is but 'the mode of expression' (*M*, 37). Value, then, is the absolute magnitude to which the relative magnitude exchange-value corresponds, so that 'a commodity a has n units of commodity b as its exchange-value just in case the ratio between the values of a and b is $n:1$ ' (*C*, 339). The value of a given commodity, then, is that property of it, whatever it may be, which, together with the value of other commodities, determines the given commodity's exchange-value. Note that the way in which the concept of value is introduced ensures that it is true by definition that value determines equilibrium price.

Marx's question is, what determines value, so defined? His first step towards an answer is to deny, on obscure and indefensible grounds, that use-value plays a role in determining magnitude of value.⁴ Having set aside use-value, he next claims that commodities 'have only one common property left, that of being products of labour' (*M*, 38), and that labour must therefore be 'the value-constituting substance' (*M*, 38); and from that he infers that the magnitude of a commodity's value depends on how much labour 'has been embodied or materialized in it' (*M*, 38).

It is in this fashion that Marx arrives at what I called, in *C*, the popular doctrine, the thesis that labour creates value. He reaches the popular thesis on the basis of premisses none of which formulate propositions about how markets operate. But, having arrived at the stated popular conclusion, Marx now offers an observation, for which he gives no reason, but which is in fact justified by the way markets work. The observation is that the product of idle and unskilful labour is not worth more because more labour has been spent on it (*M*, 39). It evidently is not worth more, since no buyer in a competitive market will pay over the odds just because an undue amount of time has been spent producing what he buys. But Marx does not give that or any other argument for his remark, which is quite unmotivated on the premisses he has employed heretofore (cf. *C*, 347).

The point about idle labour leads Marx to the conclusion that value is determined not, as the popular doctrine says, by the amount of time spent producing the commodity, or the labour embodied in it, but by the amount

of time required to produce it under average conditions of productivity, which Marx calls 'socially necessary labour time' (*M*, 39). This claim, that value is determined by socially necessary labour time, was called in *C* the strict doctrine: it is the formulation Marx expressly prefers whenever he contrasts what I call popular and strict formulations.⁵ The strict doctrine is the labour theory of value proper. Note that it entails that *the amount of time which was actually spent producing a commodity has absolutely no effect on its value.*⁶ For in the strict doctrine value is determined counterfactually, by the amount of labour now needed under standard conditions to produce the commodity, and regardless of what has happened in the past, hence of the commodity's history, hence of how much labour, or even whether labour, was spent on its production.

The strict doctrine is, then, the bastard issue of a union between premisses which have nothing to do with markets and which support the popular doctrine, and one truth (the one about idle labour) which reflects how markets operate. Had Marx addressed his original *explanandum* (see page 309 above) from the point of view of market facts in the first place, he might have noticed that circumstances other than socially necessary labour time contribute to explaining it, since socially necessary labour time is demonstrably not (see Section V below) the only determinant of equilibrium price.

The labour theory of value says that socially necessary labour time determines the equilibrium prices of commodities. There follows, in Chapters VI and VII of *Capital*, the labour theory of *surplus* value, which is a supposed corollary of the labour theory. Its *explanandum* is the fact that capitalists make profits. It begins with the observation that labour power is a commodity which is sold in daily or weekly packets by workers to capitalists. Being a commodity, its value is determined by the amount of time required to produce it, which is identical with the amount of time required to produce the worker's means of subsistence. When capitalists profit, they do so because the amount of time required to produce the worker's means of subsistence is less than that required to produce what the worker produces; or, in the popular language more commonly but less properly used in Marxist expositions, because the worker produces more value than the amount embodied in what he consumes and hence in his labour power.

Now despite his express and theoretically mandated preference for the strict doctrine, Marx's presentation is replete with popular formulations,⁷ and so, too, is the Marxist tradition. And the recurrent lapse into popularity is not, in my view, an innocent variation of expression. I shall argue that it serves two illicit purposes. One is to sustain the false impression that the labour theory of value supports the charge that workers are exploited, and

the other is to enable Marxists to preserve their confidence that the labour theory of value is true, in the face of counter-examples which prove that socially necessary labour time is not the only determinant of equilibrium price.

II

C defends a number of theses about the Marxian formulations described in Section I above. Most of the theses are presented in the chart below,⁸

	is true	follows from (1)	contradicts (1)	is a suitable basis for a charge of exploitation
(1) = the labour theory of value = value is determined by socially necessary labour time = the strict doctrine	T1 No	T2 Yes	T3 No	T4 No
(5) = labour creates value = the popular doctrine	T5 No	T6 No	T7 Yes	T8 No
(17) = labour creates the product, that which has value	T9 Yes	T10 No	T11 No	T12 Yes

which is followed by summaries of my arguments for them. The theses concern three propositions which, for consistency of reference, are here numbered as they were in C. Propositions (1) and (5) were introduced in Section I, and proposition (17) is explained in the argument for thesis 9 below. The phrase 'is a suitable basis for a charge of exploitation', which heads the chart's fourth column, does not here mean: establishes that capitalists exploit workers, but: is a crucial ingredient in any argument for the conclusion that capitalists exploit workers.

T1: *The labour theory of value is false.* Standard counter-examples prove that socially necessary labour time is not the only determinant of equilibrium price. The strict doctrine is, therefore, false. Marxists nevertheless continue to maintain that the labour theory of value is true, by insisting, in face of

the counter-examples, that, whatever determines equilibrium price, only labour creates value. But that defence of the labour theory is cast in terms of the illicit popular doctrine. It also unjustifiably divorces value from price, by reference to which value was initially (see pp. 309–10 above) defined. (See C, 350–3, and pp. 324–6 below.)

T2 and T3 are entered here merely to complete the table. They record the self-evident truths that the labour theory of value follows from and does not contradict itself.

T4: *The labour theory of value is not a suitable basis for a charge of exploitation.* Workers are exploited only if they produce something. But the strict doctrine does not entail that they produce anything: it merely specifies how to determine the value of commodities, without saying anything about how commodities come into being. Commodities are, of course, produced by labour, and that, as T12 says, is a suitable basis on which to found a charge of exploitation. But the plain fact that labour produces commodities is, though obvious, not entailed by the labour theory of value. (See C, 354–6.)

T5: *Labour does not create value.* As T7 says, the labour theory of value (i.e. the strict doctrine) entails that labour does not create value. But no one asserts that labour creates value on any basis other than the labour theory of value. One may safely conclude that labour does not create value. (C, 350, 354.)

T6: *The labour theory of value does not entail that labour creates value.* This follows from T7 (together with the fact that the labour theory of value is not self-contradictory).

T7: *The labour theory of value entails that labour does not create value.* If labour created value, it would determine its magnitude.⁹ But the labour theory of value says that socially necessary labour time determines value magnitudes, and it therefore entails that labour does not create value. The amount of time that would be required to produce a given commodity is not the same thing as, even where it happens to be equal to, the amount of time that was actually spent producing it. If, accordingly, the first determines the commodity's value, the second does not. (C, 344–9, 353–4, 359.)

T8: *The claim that labour creates value is not a suitable basis for a charge of exploitation.* Suppose that labour's (alleged) creation of value were a basis for saying that workers are exploited. It would follow, by parity of reasoning, that if desire created value,¹⁰ then desirers would be exploited if they did not receive, *gratis*, the product whose value derives from their desires. Yet if one supposes that value is entirely due to demand, which reflects desire, one need not then believe that those who produce what is demanded lose their claim on it, even if they do not desire it.¹¹ Whatever

creates value is irrelevant to claims about exploitation, and can seem relevant only when the idea of creating value is confused with the idea of creating use-value, or the product itself. (C, 356–8.)

T9: Labour creates what has value. This fairly obvious truth needs defence only against the ideological claim that capitalists too create what has value. But if that were so, capital and labour would not be distinct factors of production: *qua* capitalists, capitalists supply capital, which is not a kind of labour. Capitalists may, of course, also labour, and thereby participate in the creation of what has value, as when they happen to manage their own enterprises. But that is an illustration of, not a counter-example to *T9*. The putatively exploitative element in capitalists' income is what they get as a result of owning capital, not the additional amount some get as a result of engaging in labour themselves. (C, 354–5.)¹²

T10 and *T11* record the self-evident truths that the *labour theory of value* neither entails nor contradicts the plain truth that labour creates what has value.

T12: That labour creates what has value is a suitable basis for a charge of exploitation. Before arguing for *T12*, let me argue for an associated thesis, *T12'*: *that labour creates what has value is the real basis of the Marxist charge of exploitation*, whatever Marxists may avow. For, as we saw, the labour theory of value (see *T4*) provides no basis for that charge, and that is why Marxists (and Holmstrom: see Section IV(c) below) usually formulate the charge in popular terms, since the thesis that labour *creates* value seems to support it. Reflection shows, however, that the popular doctrine only *seems* to provide a basis for the charge of exploitation (see *T8*). *T12'* then explains why it seems to provide such a basis: Marxists confuse 'labour creates what has value' with 'labour creates value', even though the small difference of phrasing covers an enormous difference of conception. (The same confusion helps to explain why Marxists persist in thinking that so controversial a doctrine as the labour theory of value is *obviously* true: they confuse [1] with [5] and [5] with [17], and, thereby, [1] with [17]: see C, 353.)

Another argument for *T12'*, and this one is also an argument for *T12*, is that the following lines evidently raise a charge of exploitation, and of the very sort Marxists make, even though the lines say nothing about the creation of value. They speak only about the creation of what has value:

It is we who ploughed the prairies, built the cities where they trade,
Dug the mines and built the workshops, endless miles of railroad laid,
Now we stand outcast and starving, 'mid the wonders we have made . . .¹³

We are exploited because we are deprived of so much of the value of the

wonders we have made, by those who did not labour to make them. (C, 354–8.)

III

T12 says that the plain truth that workers create the product generates an argument that they are exploited. The argument has nothing to do with the labour theory of value. It runs as follows (C, 355–6):

- (17) The worker creates the product, that which has value.
- (11) The capitalist receives some of the value of the product.
- ∴ (18) The worker receives less value than the value of what he creates, and (19) The capitalist receives some of the value of what the worker creates.
- ∴ (10) The worker is exploited by the capitalist.

The Plain Argument is constructed in imitation of an argument which invokes the popular doctrine (see C, 344). Since the popular doctrine is false (see *T5* above), and since, independently, it is an inappropriate basis on which to argue that the worker is exploited (see *T8* above), the Marxist claim that he is must either be abandoned or be made to rest on the Plain Argument: and that, in my view (see *T12'* above), is where it has *really* rested all along.

Now in claiming that the Plain Argument distils what Marxists are really trying to convey when they utter popular doctrine, I did not suppose, or say, that the Plain Argument, as set out here, sufficed to show that capitalists exploit workers. I explicitly said otherwise, since I said that it needed supplementation by a statement of the conditions under which 'it is (unjust) exploitation to obtain something from someone without giving him anything in return', and by a suitably refined version of the claim that the worker 'is forced, by his propertylessness, to work for the capitalists' (C, 343, 360[24]). I thought such premisses were required by *any* argument whose conclusion is that the worker is exploited, so that, in needing them, the Plain Argument was not more needful of supplementation than arguments of more orthodox appearance.

I shall presently offer a different view from that of C about what sort of supplementation the Plain Argument requires. But first I must complain about Holmstrom's false statement that '[t]o Cohen . . . [t]he explanation of why [the workers] do not get . . . back' all of the value of what they produce is 'irrelevant' (H, 290). Had I thought that the explanation of why they fail to get it all back was irrelevant I would have said so. And I showed that I thought otherwise, by demanding the premiss that workers are forced

to work for capitalists. It obviously matters how the capitalist appropriates value, and that is why I said that

one can hold that the capitalist exploits the worker by appropriating part of the value of what the worker produces without holding that all of the value should go to the worker. One can affirm a principle of distribution according to need, and add that the capitalist exploits the worker because need is not the basis on which he receives part of the value of what the worker produces. (*C*, 357.)

Holmstrom's claim (*H*, 291) that I join with Nozick in supposing that, in the Marxist view, 'workers are exploited when they do not get back all the value of what they produce' is therefore unjustified, as is her statement that 'coercion . . . is critical to exploitation and is missing from the Plain Argument' (*H*, 292).

Now these unjustified objections are later, in effect, withdrawn,¹⁴ when Holmstrom says that 'Cohen might protest that he stated at the outset that his arguments were incomplete' (*H*, 293), but that is an understatement. As Holmstrom knows, I did so protest, with complete justice, when I read in draft what are now pages 290–3 of *H*, and I protest here that those pages are reproduced without significant change. Holmstrom's misdescription of my position is mitigated by her later withdrawal of it, but that does not justify her initial persistence with it.

I return to Holmstrom in Section IV, but I shall first describe what I now think the Plain Argument lacks: what follows modifies the answer to that question given in *C*. I now think that the crucial lacuna is a statement about the distributive background against which the labour contract is concluded.¹⁵ Capitalists obtain some of the values of what workers produce because capitalists do and workers do not own means of production: that is why workers accept wage offers which generate profit for capitalists. The crucial question for exploitation is, therefore, whether or not it is fair that capitalists have the bargaining power they do. If it is morally all right that capitalists do and workers do not own means of production, then capitalist profit is not the fruit of exploitation; and if the pre-contractual distributive position is morally wrong, then the case for exploitation is made. The question of exploitation therefore resolves itself into the question of the moral status of capitalist private property. When apologists for capitalism deny that capitalists are exploiters on the ground that they contribute to the creation of the product by providing means of production, the appropriate Marxist reply is not merely that workers alone produce, which the right can concede, nor that workers produce value, which is false and irrelevant, but that the said 'contribution' does not establish absence of exploitation, since capitalist property in means of production is theft, and the capitalist is therefore 'providing' only what morally ought not to be his to provide.

Thus a flow of value, in either the popular or the plain sense, from the worker to the capitalist, constitutes exploitation only if the contract it fulfils arises out of an unfair bargaining situation, and regardless of whether or not that situation precisely *forces* the worker to sell his labour power to the capitalist.¹⁶ Once the truisms of the Plain Argument are to hand, the crucial question for exploitation concerns the justice of the distributive background against which the worker agrees to work for the capitalist.¹⁷ And that would be the crucial question even if (contrary to *T5* and *T8*) the thesis that workers create value were true and relevant to the charge of exploitation. For, even so, workers could not create value without the means of production, and if capitalists are morally entitled to those means, then they are surely entitled to set terms for their use under which they receive some return for allowing them to be used.¹⁸ So the thesis that labour creates value requires the same supplementation as the Plain Argument when it is used as a basis for arguing that workers are exploited.

In the foregoing I have substantially modified what I said in *C* that the Plain Argument requires. Having finished misreporting me, Holmstrom more or less rightly says that, according to *C*, '[i]t is (unjust) exploitation to coercively obtain something from someone without giving him anything in return' (*H*, 293). I have now changed my view, since I now hold that, whether or not coercion is inherent in the capital/labour relation, it is neither necessary nor sufficient for that relationship to be one of exploitation.¹⁹ But the modification has no bearing on Holmstrom's criticisms of *C*, which remain incorrect both in substance and in detail.

So even if capitalists do coerce workers, the latter are not forced to work in a morally disreputable sense as long as capitalist private property is morally acceptable, even if the labour theory of value is true, and even if the popular doctrine is true, and even though the premisses of the Plain Argument are true. And if private ownership of capital is morally illegitimate, then income deriving from it also is, whatever explains the magnitude of that income. Merely plain premisses, together with the thesis of private capital's illegitimacy, establish that capitalists exploit workers, and all versions of the labour theory of value are quite irrelevant to that claim.

The crucial question, then, is: what is the moral status of private ownership of capital? That question is not only very important but also very difficult, and I shall not pursue it further here.²⁰

IV

I argued in Section II that the orthodox Marxist account of exploitation fails for a number of reasons, and that the Plain Argument is the real basis

of the Marxist charge that capitalists exploit workers. I here take up Holmstrom's objections to those claims. I refute in (a) her view that the labour theory of value is required to show that capitalists appropriate some of the value of the product, and in (b) her view that the labour theory is required to show that they do not produce any of the product some of whose value they appropriate. (c) shows that, despite her disavowals, Holmstrom cleaves to the popular doctrine, and also remarks on her failure to address the somewhat subsidiary issue of the irrelevance (in my view) of the labour theory of *surplus* value. (d) disposes of her claim that the labour theory is an essential device for *measuring* exploitation.

(a) This true *Capital* statement (which is quoted at *H*, 292) supplies a reason for denying Holmstrom's (and Marx's) claim that the labour theory of value is required to show that capitalists appropriate value:

Wherever a part of society possesses the monopoly of the means of production, the labourer, free or not free, must add to the working time necessary for his own maintenance an extra working time in order to produce the means of subsistence for the owners of the means of production. (*M*, 235.)

The truth formulated in the passage entails nothing about why products have the value they do. And it follows from that truth that capitalists get some of what workers produce, and therefore some of its value, whether or not the labour theory of value explains value magnitudes. Capitalists get some of the product for the same reason that slaveowners and feudal lords do, and since in capitalism the product has value, it is also true that they get some of its value.

Those are plain truths about the relationship between the capitalist class as a whole and the working class as a whole. The capitalist class consumes some of what the working class produces, even though few capitalists consume anything of what their own workers produce: in this respect they differ from slaveowners and feudal lords. And for that reason Holmstrom might, while conceding what was said in the last paragraph, contend, as Marx did, that whereas it is apparent that, and what, an individual feudal lord appropriates from his own serfs, it is not apparent, without the resource of the labour theory of value, that, and what, an individual capitalist appropriates from his own workers (see *H*, 292–3). But while it is true that the important thing the capitalist gets from his own workers is not product but value,²¹ it is false that the labour theory of value is required to show that he gets it from them. For it is quite apparent that the individual capitalist consumes and invests. It follows that he purchases means of consumption and means of production, and it is quite apparent that he effects those purchases with value he retains after selling what workers produce and paying them merely some of the value realized by its sale. It is therefore clear that he appropriates some of the value of what his workers

produce, whatever accounts for the magnitude of that value, and therefore whether or not the labour theory of value is true.

It is false that on my 'account it is possible that all the labor workers do is labor that is really for the workers themselves' (H, 294), since my account recognizes the plain fact that capitalists eat and wear and live in what workers produce. Holmstrom quotes Marx's comment that if all of the work of slaves had been for their owners, then the slaves would have died very quickly (H, 294), but by precisely the same token some of the workers' labour is for capitalists: the latter would die quickly if that were not so.²²

On page 295 Holmstrom concedes that my account indeed shows that capitalists obtain workers' products and exploit them, even though she denied that on page 294. But she attaches two qualifications to her concession, both of which are misdirected. The first is that plain premisses yield only that capitalists obtain means of consumption from workers, but not the means for further investment, for expansion of the economy. But it is nearly as plain that capitalists introduce new machinery as that they eat, and it is not true that the labour theory shows that 'capitalism is a system of expanding reproduction' (H, 295), since the labour theory is consistent with Marx's schemes of simple reproduction,²³ which presuppose the labour theory. What ensures that capitalist reproduction is not simple but expanded is the competitive position of capitalists, which disbelievers in the labour theory are perfectly capable of noting.

The second qualification Holmstrom puts on her concession that plain premisses show that capitalists exploit is her remark that since the plain case rests 'entirely on common sense or analytic premises, even a bourgeois economist would have to agree that capitalists exploit workers' (H, 295). But why is that a defect in a proof of exploitation with which Holmstrom says she agrees? Since she accepts it, she cannot use the quoted remark as a *reductio* of it. But in any case that remark is mistaken. For bourgeois economists can disagree on two bases with the Plain Argument that capitalists exploit workers. First, they can deny one of its premisses and argue, badly, by means of devices both Holmstrom and I would reject,²⁴ that capitalists indeed produce. Or, more intelligently, they can deny the final inference of the Plain Argument by maintaining that capitalists are morally entitled to their means of production.

Before conceding that plain premisses show that workers are exploited, Holmstrom argues that they do not show that workers are exploited in Marx's sense, which is that they perform surplus labour (H, 295). (I do not know what different sense of 'exploited' she has in mind when, in the next paragraph, she accepts that plain premisses do show that workers are exploited.) Her argument is that plain premisses do not exclude the pos-

sibility that surplus value²⁵ '[comes] from exchange rather than production' (H, 294), that, in other words, capitalists secure profits by charging more than what it costs them to get the product produced.

Now it is true that plain premisses do not rule out this 'surcharge' account of profit. But the surcharge account is, contrary to what Holmstrom says, consistent with the claim that workers perform surplus labour. They perform surplus labour if some of the value of what they produce goes to the capitalist. But that says nothing about how what they produce comes to have the value it does. It follows that the claim that workers perform surplus labour is consistent with the surcharge account of profit.

But Holmstrom might now ask whether capitalists still look like *exploiters* if profit 'comes from exchange'. I do not see why not. What makes them exploiters, if they are, is that they obtain value as a result of the unjust circumstance that they own means of production and workers do not, and that does not cease to be true if part of the story of how they obtain value is that they mark up the price of the goods to which they have no right in the first place.²⁶

(b) At pages 296–7 Holmstrom questions the 'plain' status of the thesis that capitalists produce nothing, or, more precisely, the thesis that, considered merely as capitalists, they produce nothing. According to Holmstrom, the demonstration that the capitalist does not produce requires the labour theory of value. If one is silent, as I am, about 'what creates the value' (H, 296), the thesis that capitalists produce nothing is insecure.

To see that this is wrong I begin by noting the ground on which the labour theory denies that the capitalist produces value. It is that an activity produces value only if it produces use-value,²⁷ and the capitalist produces no use-value. But whether or not a person produces use-value is not itself settled by the labour theory, and the distinction between activities which do and do not produce it applies even to non-market economies, in which no value is produced. The feudal lord's bailiff on a non-trading manor produces use-value in so far as he organizes production, but not in so far as he enforces labour discipline, and the 'labour of superintendence'²⁸ under capitalism, whether performed by the capitalist or by his hired manager, has a similar 'double nature'.²⁹

Now rejection of the labour theory of value entails no rejection of the distinction between producing and not producing use-value, which I have myself defended.³⁰ I am therefore just as able to call the capitalist a non-producer as a believer in the theory is, and I do so on exactly the same basis, but without affirming the labour theory of value. Believers in the labour theory possess no ground independent of the one we share for attaching the desired stigma. For Marx does not first show that the capitalist produces no value and then infer that he is unproductive in some further

sense. He first argues that he is unproductive in a sense which is not dependent on the labour theory of value, and he then combines that result with the labour theory's thesis that only producers of use-value produce value, to conclude that the capitalist produces no value.

How does one tell whether or not an activity produces use-value? For Marx it does so if and only if it is required because of the material nature of production, rather than because of its social form. Thus purely commercial operations produce no use-value (and hence, for Marx, though not for me, no value), since they are required only when the product takes the form of a commodity. Some are sceptical of the material/social distinction, which I have defended at length.³¹ But whether or not it is sound, recourse to the labour theory as a way of deciding whether or not capitalists produce provides no alternative to it, since the distinction is employed before the labour theory is applied to that question.

The proposition that capitalists produce no use-value is relevant to the charge that they exploit, but the labour theory's conclusion that they therefore, in addition, produce no value, is, whether valid or not, irrelevant, in my view, to the exploitation charge. To show that the question of who produces value is irrelevant to questions about exploitation, I argued that even if we thought desiring produces value we still would not say that desirers are exploited if they fail to receive the product. Holmstrom thinks I am 'perhaps' (*H*, 297) right about desiring, but she constructs an example which is supposed to embarrass my view that the matter of value production has no bearing on exploitation. In Holmstrom's example, farmers raise crops, incantations by medicine men give the crops their nutritive value, and capitalists 'engage in related productive activities'. It is supposed to be difficult for me to say who are exploited by the capitalists in this example.

Notice, first, that what Holmstrom's medicine men are said to produce is not value but use-value,³² for nutritive value is a form of use-value. And the fact that they do so by incantation is strange from a chemical point of view, but not from the point of view of economic theory. Holmstrom's medicine men are, from an economic point of view, just a set of skilled workers (unless anybody can incant, in which case they are ordinary workers). As for the farmers, they produce use-value too, as long as incantation nutrifies only what they produce and not unproduced things such as, for example, pebbles on a beach. Economically speaking, the example presents a mundane case of division of labour between skilled and unskilled workers, and there is no justification for the tone of challenge when Holmstrom writes: 'Would it be clear that the capitalists were exploiting the farmers? Perhaps it might not even seem absurd to suggest that they were exploiting the medicine man' (*H*, 297).

Holmstrom does not specify the 'related productive activities' her cap-

italists perform, some of which might demand a return which does not entail exploitation. But if her capitalists are rightly so called, then whatever further basis there may be for the return they get, one basis of it is their ownership of means of production, and they therefore exploit the workers they hire no less than capitalists standardly do. Nothing in the example endows it with a polemical power lacking in a chemically unmiraculous example of production.

(c) On page 301 Holmstrom says that she accepts my refutation of the popular doctrine, but her argument, refuted in (a) and (b) above, that the labour theory of value is needed to show that workers do the producing and capitalists expropriate value, is cast throughout in popular terms (as, on my view, it has to be, since the labour theory proper does not say that anybody produces anything). Despite her express disavowal of the popular doctrine, she relies on it when she speaks of 'what creates the value' (*H*, 296), when she insists that value 'comes from production' (*H*, 294, 297), and when she says that profits, which are part of value, 'have their source in workers' forced, unpaid surplus labour' (*H*, 296).³³

And though Holmstrom says, on page 298, that she has now discussed my claim that Marx 'resorted to the popular doctrine because . . . it seems a more plausible basis for the charge of exploitation', she has not in fact done so. The section in question counterposes the popular doctrine to my plain doctrine. It says nothing on behalf of the thesis that the labour theory of value proper is a sound basis for a charge of exploitation.

I note, finally, that Holmstrom never comments on my claim, which she reports on page 289, that the labour theory of *surplus* value is irrelevant to the charge of exploitation (whether or not the labour theory of value itself is). She does not report, still less dispute, my ground for that claim, which is that the difference in value between what the worker gets and what he produces (be that value itself, or the product, since that distinction is *here* immaterial) establishes exploitation, if it does, whatever explains how much value he gets, and therefore whether or not the value he gets can be construed (as in fact I think it cannot be) as the value of his labour power.³⁴ Yet Holmstrom repeatedly invokes the labour theory of surplus value as though it were not independently in question (see *H*, 293–5, 303).

(d) Holmstrom implies that, because I abandon the labour theory of value, I am unable to specify a *rate* at which workers are exploited (*H*, 304 [13]). But that is not so. To be sure, no way of measuring exploitation was proposed in *C*, and no way is implied by the plain premisses for the conclusion that capitalists exploit workers. But the question about how to measure exploitation can be answered non-labour-theoretically, and it also should be, since the labour theory's answer to the question is beset with difficulties.

In the labour theory the rate of exploitation is the ratio of surplus value to variable capital, which is equivalent to ratio V :

$$\frac{\text{value of what the worker produces}^{35} - \text{value of what he consumes}}{\text{value of what he consumes}}$$

Now V can be analysed further, in either of two ways, depending on whether one adopts the popular or the strict doctrine. Under the popular doctrine V becomes P :

$$\frac{\text{labour embodied in the worker's product}^{35} - \text{labour embodied in what he consumes}}{\text{labour embodied in what he consumes.}}$$

And under the strict doctrine, V becomes S :

$$\frac{\text{labour time now necessary to produce the worker's product}^{35} - \text{labour time now necessary to produce what he consumes}}{\text{labour time now necessary to produce what he consumes.}}$$

Now the labour-theoretical measure of exploitation is S , not P , since the labour theory is not (and contradicts) the popular doctrine. It follows that the labour theory measure of exploitation treats as irrelevant the amount of time the worker actually worked, and that is wildly counter-intuitive.³⁶ To illustrate: suppose that, because of a decline of productivity in the worker's industry,³⁷ it now takes twelve hours to produce what he spent eight hours producing, and that what he consumes both took and now takes nine hours to produce. He is getting, on strict or popular reckoning, one more hour of labour than he spent, yet he is exploited, at a rate of 33½ per cent, according to the labour theory of value. (Under the popular measure P , he is the reverse of exploited, the rate of his exploitation being negative, to wit, -.111.)

Perhaps Holmstrom would disagree that a numerator which fails to reflect (except *per accidens*)³⁸ the amount of time the worker actually worked is unintuitive, so that no difficulty with the labour-theoretical measure of exploitation has yet been shown. Even so, her thesis that I cannot measure exploitation remains false. For the ratio I here imagine her defending (S) does not mention value, and therefore does not imply that socially necessary labour time determines it. I am therefore free to adopt it myself, as a measure of exploitation, though I would not in fact do so.

The labour-theoretical measure of exploitation is afflicted with another difficulty, from which I abstracted in the above exposition. It arises out of inter-industry differences in organic composition of capital,³⁹ which induce

deviation of equilibrium prices from socially necessary labour time: the more labour-intensive production of a good is, the lower its price will be. It follows that, if S measures the rate of exploitation (or even if P does), then the extent to which the worker is exploited will depend on which wage goods he buys, since different wage goods are produced in industries with different organic compositions. Food, for example, is produced labour-intensively, and petroleum is not. But it is absurd to think that worker A , who eats modestly and spends a lot on petrol, is therefore more exploited than his workmate B , who works the same and is paid the same, but who eats out a lot and walks instead of driving.

One way out of this problem is to measure exploitation not, as S (or P) does, with reference to what the worker actually buys and consumes, but with reference to what he could buy, and, in particular, to a bundle of goods accessible to him which requires at least as much labour to produce (or which has at least as much labour incorporated in it) as any other bundle accessible to him.⁴⁰ Another way out is to follow Philippe Van Parijs⁴¹ and succumb more fully to the intuitions embarrassing ratio S by measuring exploitation in price terms, as follows (W):

$$\frac{\text{price of what the worker produces}^{35} - \text{wages}}{\text{wages}}$$

And a third recourse, which should not be overlooked, is to abandon the presupposition that there must exist a uniquely suitable way of *measuring* exploitation. All three courses seem superior to staying with S , to which Holmstrom, as a proponent of the labour theory, is committed.

Holmstrom's response might be that exploitation need be measured only at the level of the economy as a whole, where the organic composition problem does not obtrude: what matters is the rate at which the capitalist class exploits the working class. This proposal has two defects. The first is that it does not overcome the problem canvassed a moment ago, that the strict doctrine offers an unintuitive exploitation-rate ratio, since its numerator fails to reflect the amount of time workers have actually laboured. The second is that it should be possible to say that one set of workers is more or less exploited than another, as one can on the Roemer and Van Parijs measures, and this possibility is removed by the hypothesized flight to an undisaggregatable total economy rate of exploitation.

It is, then, the labour theory, not abandonment of it, which has a disabling effect on discourse about the rate of exploitation. What is more, any technique of measuring exploitation favoured by a labour theorist, including the defeatist one mentioned in the last paragraph, is also available to opponents of the theory, since they have no reason to forswear the ideas of past actual and present counterfactual labour time, out of which all

measures of exploitation which are in any sense labour-theoretical are constructed.

V

I turn from Holmstrom's response to my thesis that the labour theory of value has no bearing on questions about exploitation to her treatment of my critique of the labour theory itself. That critique is, in part, unoriginal, since the counter-examples I press against the theory have long been known by non-Marxists to refute it. The counter-examples are the circumstances other than socially necessary labour time which affect a commodity's value, when value is conceived properly, as the determinant of equilibrium price. I claim originality only for my diagnosis of how Marx and Marxists enable themselves to cleave to the labour theory in the face of its known counter-examples. They do so by redefining value, which was supposed to be whatever underlies equilibrium price, as socially necessary labour time, and they mask from themselves the consequent triviality of the claim that socially necessary labour time determines value by shifting to popular discourse.⁴² They say that labour *creates* value, which does not sound trivial, and they plead that the circumstances thought to be counter-examples to the labour theory do determine price but clearly have no power to bring value into being. For how, they ask, could anything but labour, actual production, produce anything, and *how*, therefore, *could anything but labour produce value?* I reply that, once they make their trivializing shift, they are no longer able to identify anything called 'value' which labour could be said to produce. What *is* value, once it has been divorced from equilibrium price? The italicized question reflects conflation of the confused idea that labour creates value with the correct idea that it creates what has it, the product.

My critique of the labour theory generates a challenge to those who defend it in the above (or any other) fashion to explain the theoretical difference between Marx and Ricardo, who rejected the labour theory when he found a counter-example to it. Ricardo defined value as Marx does at the beginning of *Capital*, as the absolute magnitude, whatever it may be, which underlies the relativities of equilibrium price. He then provisionally hypothesized that socially necessary labour time was that magnitude, and that it therefore determined equilibrium price. He went on to acknowledge, however, that variations in periods of production falsified his original hypothesis, and he consequently allowed that equilibrium price and, therefore, value, deviated from socially necessary labour time. But

according to Marx, Ricardo was here misled by appearances. The true deviation is not of value from socially necessary labour time, but of equilibrium price from value (that is, socially necessary labour time).

Now both Ricardo and Marx say that equilibrium price deviates from socially necessary labour time. What then is the theoretical difference between them? I believe that it can be stated only in popular discourse, to which Marx therefore resorts here. For he says that variations in period of production and organic composition do not affect how much value is *created*, but only how much is *appropriated* at the various sites of its creation. But if one asked, Exactly what is it that labour is here said to create? then, I contend, there would be no answer, once value is no longer, as now it cannot be, defined

as the absolute underlying equilibrium price (C, 352). Marx's difference from Ricardo is merely verbal, with a cover of metaphor to conceal its emptiness.

Holmstrom's reply to my critique of the labour theory fails either to answer my question about Marx and Ricardo or to provide materials which could be used to construct an answer to it. She does not really engage with the case to which she is supposedly addressing herself. I offer these responses to her specific claims:

(a) I do not make the 'basic' mistake of thinking that Marx 'starts with' the *concept* of value (H, 299). It is not entirely clear to me what it means to say that he *starts* with this or that, but, on a naïve understanding of the notion, he manifestly starts, as I say he does, with an empirical *explanandum*, exchange-value, or the fact that commodities exchange in definite proportions, and 'value' is, originally, the name of whatever explains those proportions.

(b) Holmstrom says that Marx initially makes the 'simplifying assumption' 'that the value of an individual commodity [i] is determined by socially necessary labor time and [ii] is equal to its equilibrium price' (H, 299, numerals added). Now since that is a conjunction, the simplification might lie in various places: in (i), in (ii), in each of (i) and (ii), or in neither (i) nor (ii) as opposed to the other but, somehow, in the conjunction as a whole. Holmstrom does not specify what the simplification is, but in fact it is (ii) which Marx later abandons,⁴³ in favour of what is supposed to be a 'more complicated explanation of the relation between prices and values' (H, 300). But then my question arises: how does the resulting account differ *substantively* from Ricardo's, which denies that socially necessary labour time determines value (see pp. 325–6 above)? What does it *mean* to say that socially necessary labour time determines value once value is detached from equilibrium price? Or, briefly, what *is* value once that connection is broken? Holmstrom does not answer these questions.

(c) In her next paragraph Holmstrom retreats to the position that '[t]he equivalence of prices and values holds, not on the level of individual commodities . . . but between the price and value of the total social product'

(H, 300). But she does not explicate or argue for that claim, to which I have never been able to attach coherent sense.⁴⁴

(d) Holmstrom moves on to the correct assertion that '[i]n every society there must be products of a kind and in sufficient quantities to satisfy people's needs and desires . . . and this in turn requires that certain amounts and kinds of labor be done' (H, 300). But it also requires that certain amounts and kinds of raw materials and supplies of energy be consumed. So the quoted truth confers no privilege on labour as a determinant of something called 'value'.

(e) Nor does labour reassert its priority on the ground that '[a]ll other resources depend on labor for their usefulness' (H, 302), since it is also true that labour is only useful when it is applied to those other resources.

(f) And even if '[v]alue is a measure of real social cost' (H, 302), labour still fails to achieve pride of place. Labour must indeed be husbanded, since it is in finite supply, but so is land, and so is oil. Nor is it true that 'periods of production . . . are not part of the cost that must be borne by society to produce a commodity' (H, 302), since the longer one must wait for a product to emerge from a given dose of labour and other resources, the greater is the alternative product forgone as a result. This fact is reflected in the higher price of products with long production periods in a market economy, and in the assignment to them of a higher price, or 'shadow' price, in a planned economy. Does Holmstrom think that rational planners would cost goods according to their labour inputs alone?

(g) It is misleading to say that 'Marx's theory . . . requires that equilibrium prices . . . not be equal to . . . values', 'values' here being quantities of socially necessary labour time (H, 301). For this follows not from anything distinctive in Marx's theory, but from the logic of competition, which Marx acknowledged (and with which, in my view vainly, he tried to come to terms).

(h) It is not true to Marx to say that 'it is the difference between the labor actually embodied in a commodity and the labor currently required to produce it – its value – that creates the possibility of crisis' (H, 301). If Marx is right, the possibility of crisis derives from the difference between the value of the commodity when it was being produced and its value now, and the first magnitude is the labour *then* required to produce it, which is not the same as the popular 'labour actually embodied' in it.

(i) I indeed take 'value determines equilibrium price' to be true by definition (H, 302). Holmstrom complains that it follows that heterogeneous phenomena determine value, and that there is therefore, on my view, 'no general theoretical explanation' of it (H, 302). But what is a general theoretical explanation? Is bourgeois general equilibrium analysis defective as a theory of value *just because* its application requires a large

number of equations? It is an extremely primitive stricture to require that a magnitude of a given kind be explained by just one magnitude of some other kind.⁴⁵

Holmstrom's complaint is, moreover, internally inconsistent. For it rests on the premiss that heterogeneous phenomena really do determine equilibrium price, which is, after all, a perfectly respectable phenomenon demanding an explanation. But then she cannot demand that there must be, on grounds of principle, a 'general theoretical explanation' of value, where that contrasts with the sort of explanation she accepts of equilibrium price.

VI

I have replied to Holmstrom intransigently because I believe that the labour theory of value is a terrible incubus on progressive reflection about exploitation. Instead of desperately shifting about for some or other way of defending the labour theory, Marxists and quasi-Marxists should direct themselves to the crucial question, which is whether or not private ownership of capital is morally legitimate.⁴⁶

NOTES

- 1 *Inquiry*, Vol. 26 (1983), No. 3, pp. 287–307. To reduce the number of footnotes, I give page references to this article, which I call *H*, in the text.
- 2 *Philosophy and Public Affairs*, Vol. 8 (1979), No. 4, pp. 338–60: referred to as *C* in the text.
- 3 *Capital*, Vol. I, Foreign Languages Publishing House, Moscow 1961: referred to as *M* in the text.
- 4 'This common "something" cannot be either a geometrical, a chemical, or any other natural property of commodities. Such properties claim our attention only in so far as they affect the utility of those commodities, make them use-values. But the exchange of commodities is evidently an act characterised by a total abstraction from use-value. Then one use-value is just as good as another, provided only it be present in sufficient quantity . . . As use-values, commodities are, above all, of different qualities, but as exchange-values they are merely different quantities, and consequently do not contain an atom of use-value' (*M*, 38–39).
- 5 E.g.: 'What determines value is not the amount of labour time incorporated in products, but rather the amount of labour time currently necessary' (Karl Marx, *Grundrisse*, trans. by M. Nicolaus, Penguin Books, Harmondsworth 1973, p. 35). A similar remark from Vol. III of *Capital* is quoted at *C*, 347. But see also *C*, 346, for two passages from Marx which treat the strict and popular doctrines as though they were identical.
- 6 It may nevertheless appear to have such an effect, for reasons exposed at *C*, 349.
- 7 See, e.g., these pages of *M*, which are the harvest of a pretty random search: 38–40, 45, 50–51, 63, 96, 107, 133, 158, 187–9, 196, 199, 215, 217, 313, 316, 535–6, 539. In many cases, the popular formulations to be found on those pages cannot be translated into strict language without significant loss.
- 8 The major exception is my contention that the labour theory of *surplus* value is irrelevant to the claim that capitalists exploit, even if the labour theory of value is not.

- 9 When, that is, 'labour creates value' is construed with the sense that Marxists give it. For a different and irrelevant sense of 'labour creates value', in which it may well be true that it does, see C, 359.
- 10 This may sound like an insane supposition, but it is not. For recall that value is not the same thing as use-value. Desire could not, except through magic, create use-value: it could not bring it about that something has the power to satisfy it. But bourgeois economists who think that desire contributes to the creation of (exchange-)value, by generating a willingness to pay for what is desired, are not believers in magic.
- 11 The producers might want it even though they do not, in the relevant sense, desire it, in order to exchange it for something they do desire.
- 12 Defenders of capitalism who see that capitalists do not, as such, produce, may urge that they nevertheless act to productive effect (as I do, without producing, when I allow you to borrow a knife with which you produce by cutting: lending the knife is a productive act, but not an act of producing). This could be a reason for denying that capitalists are exploiters while accepting that they are not producers, and therefore accepting T9. I think the right response of socialists to such a defence is, briefly and crudely, as follows: Capitalists may well qualify as productive in certain ways, but so may slaveowners. But slaveowners nevertheless exploit, unless owning slaves is morally defensible, and capitalists nevertheless exploit, unless owning capital is morally defensible: see Section III below.
- 13 From 'Solidarity', by Ralph Chaplin (to be sung to the tune of 'Battle Hymn of the Republic').
- 14 Also unjustified is her tendentious Note 9, in which she fails to specify the premiss about 'important features of the relation between capital and labor' which C said needed to be added to the argument. That was the coercion premiss, but, had Holmstrom said so in Note 9, she would have had to drop pp. 290-3 of her article. Nor do I understand her statement, at the end of Note 9, that the unspecified premiss, unlike a premiss defining 'exploitation', is not essential to the Plain Argument. She gives no reason for this statement, which is quite groundless.
- 15 It is the crucial lacuna in that it is the only *controversial* claim that needs to be added.
- 16 Is the worker forced to work for the capitalist? The answer is extremely complicated. Some of its complications are explored in my 'Structure of Proletarian Unfreedom', *Philosophy and Public Affairs*, Vol. 12 (1983), No. 1, pp. 3-33; and in my 'Are Disadvantaged Workers who Take Hazardous Jobs Forced to Take Hazardous Jobs?', forthcoming. The latter article also argues that whether or not workers are forced to work for capitalists has little bearing on whether or not they are exploited by them.
- 17 I believe that Marx, too, thought that this was the crucial question, and that widespread failure to realize that he did is a result of a mistaken reading of an important passage in his *Critique of the Gotha Programme*: see my 'Freedom, Justice and Capitalism', *New Left Review*, No. 126, March-April, 1981, pp. 13-14.
- 18 Note that I do not say that if capitalists are morally entitled to their means of production, then they are entitled to do more or less what they like with them and, in particular, to offer workers whatever wage they wish. Such a Nozickian view about the consequences of legitimate ownership may be too strong, and it is certainly stronger than the view affirmed in the text.
- 19 For arguments that it is neither necessary nor sufficient, see my review of Allen Wood, *Karl Marx*, Routledge & Kegan Paul, London 1981, in *Mind*, Vol. XCII, No. 367, 1983.
- 20 It is pursued to some small extent in 'Freedom, Justice and Capitalism', op. cit., p. 15, and more frontally in my forthcoming 'Self-Ownership, World-Ownership and Equality'.
- 21 The individual capitalist appropriates all of what his own workers produce but (standardly) retains none of it. His interest in his own workers' product is only in the value it bears.
- 22 The fact that slave economies are not, like capitalist economies, market economies, makes no difference here. Marx's comment would apply even if slaves worked for capitalists who marketed what slaves produced and supplied them with wages to buy means of consumption. The 'money-relation' (M, 540) could not conceal the fact that slaves do not work only for their owners, and it similarly fails to conceal the fact that free wage-workers do not work only for themselves. (For a defence of the conceptual coherence of a union of

- capitalism and slavery, together with an argument that it is unlikely to be realized, see my *Karl Marx's Theory of History*, Clarendon Press, Oxford/Princeton University Press, Princeton N.J. 1978, pp. 189–93.)
- 23 See Ch. XXIII of Vol. I and Ch. XX of Vol. II of *Capital*, in any English edition.
- 24 See *Karl Marx's Theory of History*, op. cit., pp. 106–7, and C, 354–5.
- 25 Holmstrom actually writes 'value', but she must mean 'surplus value' here.
- 26 If Holmstrom finds the surcharge account of profit not only false but absurd, that is because she thinks in popular terms. She supposes that profit, being value, must be created, and that exchange, not being production, could not conceivably create anything. But while exchange is indeed unproductive, it is a mere 'prejudice to suppose that value must be created' (C, 350). Why, by the way, does Holmstrom say, in the paragraph here under criticism, that 'value has only an intuitive meaning for Plain thinkers' (H, 295)? I define it explicitly at C, 339–40 (and see pp. 309–10 above) as the determinant of equilibrium price, which is how Marx defines it at the beginning of *Capital*. It is Holmstrom who must keep the meaning of 'value' vague. For if value is not defined as the determinant of price, it is defined as socially necessary labour time, and that definition trivializes the claim that socially necessary labour time determines value: see Section V below.
- 27 See, e.g., *Theories of Surplus Value*, Vol. I, Lawrence & Wishart, London 1969, p. 400. Note that the stated condition is necessary but not sufficient. Domestic labour, for example, produces use-value but not value, since its product is not marketed.
- 28 *Theories of Surplus Value*, Vol. III, Lawrence & Wishart, London 1972, p. 505.
- 29 *Capital*, Vol. III, Foreign Languages Publishing House, Moscow 1962, p. 376.
- 30 See following note.
- 31 For a sceptical view of the distinction, see Ian Gough, 'Productive and Unproductive Labour in Marx', *New Left Review*, No. 76, Nov.–Dec. 1972, pp. 60–64. For a defence of it, see *Karl Marx's Theory of History*, op. cit., p. 33 and Ch. IV.
- 32 Though Holmstrom may be unaware of that. I speculate that she means her medicine men to be producers of value, so that they will in that respect be like my hypothetical desirers. If my speculation is correct, she wants the medicine men to be value-producers and the farmers not, but that does not follow from her description, and it is hard to see how such a thing could be true, on any view.
- 33 In a sense which goes beyond the plain sense in which they do, and which requires the popular doctrine.
- 34 To put the point in labour-theoretical terms, what matters is the difference between variable capital and the value of the product, whether or not variable capital corresponds to a value of labour power.
- 35 That is, after constant capital (= value of means of production consumed) has been deducted. A corresponding deduction must be made from the first quantity in the numerator of the ratios introduced below: in *P*, the labour embodied in means of production; in *S*, the labour required to produce means of production; and in *W*, the cost of means of production.
- 36 (i) I leave aside the nice question whether it also offends intuition that the other quantity in the ratio is strictly, rather than popularly, measured. (ii) Which time, according to the strict doctrine, is the right one to focus on when measuring the rate of a worker's exploitation? The time when he is producing the product, the time when it has just been produced, the time when it is sold, or any time, with the rate of exploitation fluctuating accordingly? I am glad that it is not my responsibility to answer that question.
- 37 Suppose it is an extractive industry, and productivity has declined because the material to be extracted is now more difficult to get at.
- 38 Expended labour time will *usually* be roughly equal to socially necessary labour time, but that is of no relevant interest: see C, 349.
- 39 See *Capital*, Vol. III, op. cit., Pt. II; *Karl Marx's Theory of History*, op. cit., p. 328; H, 300–1.
- 40 The suggested 'modal' technique of measuring exploitation is inspired by John Roemer's modal technique for determining whether (as opposed to how much) a worker is exploited.

- See his *General Theory of Exploitation and Class*, Harvard University Press, Cambridge, Mass. 1982, pp. 132–3.
- 41 See his excellent review of the problems surrounding measurement of exploitation at pp. 16–25 of *Some Problems with the Labour Theory of Exploitation*, Working Paper No. 8212, Institut des Sciences Economiques, Université Catholique de Louvain.
- 42 I do not, however, believe, nor did I say, that this use of the popular doctrine is 'even more important' (*H*, 298) than its use to sustain the impression that the labour theory of value supports a charge of exploitation.
- 43 Not, as Holmstrom (*H*, 299–300) and many commentators say, in Vol. III, but already in Vol. II, where periods of production are treated: see *Capital*, Vol. II, Foreign Languages Publishing House, Moscow 1957, e.g. p. 216.
- 44 And which is deftly criticized by Ian Steedman at pp. 60–61 of his *Marx After Sraffa*, New Left Books, London 1977.
- 45 I also do not understand Holmstrom's defence of Marx's dismissal of use-value as a possible (part) explanation of value magnitudes (see Note 14 above): 'Utility only exists in particular concrete forms and hence cannot play a general explanatory role' (*H*, 299).
- 46 I thank Arnold Zuboff for his excellent criticisms of a draft of this article.