

The So-Called "Transformation Problem" Revisited: A Brief Reply to Brief Comments

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If I interpret correctly the comments on my text by Duménil and Flaschel, my answer has to be very brief, since they basically agree with my paper.

I. ANSWER TO G. DUMENIL

His comment is two-fold.

1. *The Developments on the "Old" Solution are Useless*

According to Duménil, the "new" solution, being the "right" interpretation of Marx's thought, supersedes the "old" one as "contradicting Marx's aim in Capital."

In substance, the difference between the two solutions lies in the definition of the value of labor-power: either as the value of workers' consumption d , or as the wage share w of value added. Duménil thinks that one cannot defend any interpretation through considering the way this value is determined, but only on the theoretical basis of its fidelity to Marx's text. That is a defensible point of view in marxology. But for "marxist economics," the problem is of the relevance of the theory. Formally, either of the two definitions could be accepted.

My position is the following:

(1) If one chooses the first position, one must adopt a definition of surplus-value consistent with the definition of the value of labor-power. If the value of labor-power is the value of the uses of wages, the amount of surplus-value is the value of the uses of profits. Thus, the "marxian equality:" "sum of surplus-value = sum of profits" holds. (II-1 in my paper).

On this point, the "standard transformationists" are inconsistent. On the one hand, they define the value of labor-power as the value of the uses of

wages. On the other hand, they are astonished that the amount of profit (measured in money) is not the amount of surplus-value (measured in labor), the labor-value of money being defined as an average at the level of aggregate net (or gross) product through the equality "sum of prices = sum of values." But this equality could not hold, since the "average value-price divergence" has no reason to be the same at the *aggregate net product* level and at the *aggregate capitalists' demand* level. The equality of average value of money at these two levels (and thus the equality of sum of profits and sum of surplus-value) is secured in the case of "integral accumulation" (point II-2), and otherwise the divergence is explained in point II-3 of my text.

In the third part of my paper, I use the second definition. Then the value of labor force is the money wage multiplied by the mean value of money at the aggregate net product level, which is chosen (through Eq. H_1) as equal to 1 (thus, the value of the labor-power is expressed by the same number as the unit wage). And I prove quite easily that the amount of surplus-value expressed in money is conserved in spite of its reallocation into profits.

It should be noted that Foley [5] reached very similar conclusions, in 1979, independently from Duménil's and my findings, through an investigation of the questions "what is the value of money? of a wage expressed in money?"

(2) Both definitions could be defined through references to Marx, though Marx clearly thinks of the second one in Volume III of "Capital." But one must keep in mind the first one as far as one studies such problems as growth rate, reproduction scheme, and so on (cf. Lipietz [6] or Duménil [4]!).

(3) There is an historical dimension of this problem. In the 19th century, the class struggle within distribution rested on the defense of d . In the "fordist" regime of accumulation (see [1, 7]), the shrinking of the unit value of commodities proceeded so rapidly that the growth of the purchasing power of wage became the center of social conflict (in French official terms: "le partage des fruits de la croissance entre partenaires sociaux"!). Thus, e (the partition of value added) became the leading factor of the determination of distribution.

2. *The Mathematical Demonstration of the "New" Solution is Useless*

According Duménil's comment, my demonstration of the "marxist transformation theorem" (part III-2 of my paper), which "embodies [my] own contribution," is redundant given his own contribution [3]. In fact, he thinks that the equality "sum of profits = sum of surplus-values" is now secured "by definition," and that the theorem of existence of a system of prices of production according to the viability of the producing system is not interesting.

I agree that this theorem is very simple. Marx stated this result as an outcome of the definition, without questioning its simplicity. Yet one century of false debates arose about its proof.

I did not intend to prove that the viability of the producing system was a "necessary condition." Working as an economist (not a mathematician), I take for granted that the existing capitalist system is "viable," and I proved that a system of production prices such as defined by Marx may exist. I proved also this "sufficient condition" (within the framework of the "new solution") in the case of fixed capital, rents (see [6]); the generalization to joint production is straightforward.

But I am surprised by Duménil's idea that "viability has to be shown as an outcome of a price effect." Global viability of a producing system is an outcome of social and technological history, within which the history of prices is of real but small importance (see [8]).

II. ANSWER TO P. FLASCHEL

The comment of Flaschel is also two-fold.

1. *The "Marxist Transformation Theorem" Is a Well-Known Sraffaian Theorem*

To my knowledge Sraffa never dealt with the Marxian transformation problem. In fact, Flaschel claims that

(a) Point 1 of Theorem III-2 is already demonstrated within Sraffa's framework.

I must point out that Sraffa's equation equivalent to my

$$(H_2): \mu = (1 + r)(\mu A + w\ell) \quad \text{is} \quad (H_3): \mu = (1 + r)\mu A + w\ell.$$

It is well known that $H_1 + H_3$ admits one solution, but since $H_1 + H_2$ needs a 6-line demonstration, I thought it would be more convenient to give it directly.

(b) Point 2 (the "marxian equalities") is straightforward if one considers "values" as Sraffa's prices with $r = 0$.

The straightforwardness is already in my demonstration. But it is questionable that values are Sraffa's prices with $r = 0$. In fact, as Benetti and Cartelier [2] have pointed out, the data " ℓ " in Sraffa are nothing but a description of the distribution of the surplus, not a measure of abstract labor. Between abstract labor and price of labor-power there is a linear transformation (the tensor of exploitation T of my paper), which can be omitted formally, but not in an economic interpretation.

2. *What to Do with the Transformation*

According to Flaschel, the main use of the transformation is to make explicit the divergence between the "value rate or profit" and the "price rate of profit," this divergence being subject to empirical investigations.

This may be an interesting research program, though I suspect that the errors in the data could be greater than the divergence itself.

In my opinion, the purpose of the "transformation" is theoretical. It establishes a link between the "inner" aspects of the capitalist economy (productivity, and the rate of exploitation) and the "external" aspects (prices, revenues). Thus the transformation is the first step of a marxist theory of the world of *nominal revenues*: the "enchanted world" that Marx intended to analyse in his uncompleted Volume III (see [9]).

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