

THE INTERPRETATION OF CAPITAL: AN INTERVIEW WITH MICHAEL HEINRICH



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Apart from your recent article, which has been translated into Chinese, which books have you written?

My first book, my PhD thesis, was *Die Wissenschaft vom Wert* (The Science of Value). It was first published in 1991 and a considerably extended edition appeared in 1999. After all the discussions of the late 1960s and 1970s, it was an attempt to determine the peculiar scientific kernel of Marx's project of a *Critique of Political Economy*. I was occupied with the difference, on the one hand between early and

late Marx, on the other hand with the difference between Marx and classical political economy but also with the difference between Marx and modern neoclassical economics. I tried to describe Marx's fundamentally new project of critique of political economy, a project, which was not only meant to add a new theory to the existing theories, but to practice a critique of a whole science, to articulate a scientific revolution. But in this project of Marx's you can also find some ambivalences: on the one hand, Marx broke with the old field of economic science, on the other in some of his inquiries he remained in this field, without realizing it. The simultaneity of break with this field, leaving this field *and* remaining in this field, caused certain problems in Marx's theory, for example the well known "transformation problem." The transformation from values to prices of production I can understand as a problem which is caused by this incomplete break with the field of political economy. It is not really a problem of Marx's new theory; it is a problem of a mixture between old elements (which Marx had already criticized) and new elements.

What other books have you written?

I wrote an introduction in all three volumes of Marx's *Capital* (*Kritik der politischen Ökonomie: Eine Einführung*). It is aimed at readers who have no specific knowledge about *Capital*, but it presupposes that the readers are ready to work and it not only leads them through all three volumes, but also presents basic elements of a Marxian theory of state and Marx's ideas on socialism. It is based on the material I presented in *Die Wissenschaft vom Wert*, so it accentuates issues (like for example fetishism) which are not so common in other introductions. The first edition of the book appeared in 2004, and every year since then a new edition has been necessary; in Germany it became the most widespread introduction in *Capital*. In 2008 a Spanish translation appeared and now an English translation is almost ready.

My third book (*Wie das Marxsche Kapital lesen?*) is in some respects a continuation of the second book, it is written for people who want to go deeper in Marx's *Capital*. This third book is a very detailed commentary on the first two chapters of volume I of *Capital*: the chapter on commodity and the chapter on the exchange process. I give comments on nearly every sentence of these two chapters: these two chapters have enormous importance for the understanding of Marx's *Capital*, but on the other hand they reveal themselves to be very complicated, when you really try to catch their whole content and when you don't reduce this content to some easy propositions about value and labor. To this commentary on the first two chapters I added some appendices with other texts of Marx relevant to understand his analysis of the commodity. One text is taken from the so-called "Reworking manuscript" (a manuscript in which Marx reworked the first edition of *Capital* for the second edition) in which you can find methodological considerations about the

analysis of the commodity (a kind of self commentary of Marx) which Marx made in no other place so explicit than in this “Reworking manuscript,” which is until now only published in MEGA (and translated in no other language). In MEGA volume II/6, which includes this manuscript, you can see how intensively Marx worked on it, how often he changed formulations, added sentences, changed again and so on.

So these two books are based on MEGA?

Also my first book was based on MEGA and even for my Diploma thesis of 1981 I used MEGA. I have now worked for more than thirty years with MEGA. If you want a really scientific discussion about Marx, when you want to investigate his thinking deeply, you need all the material MEGA provides.

The title of your article now translated into Chinese is “Reconstruction or Deconstruction?” What do “reconstruction” and “deconstruction” mean to you?

The title was meant to be a little provocative. When you look at the history of discussion about Marx’s *Capital* in the first half of the 20th century people thought that *Capital* was nearly ready with the three volumes we know. The fourth volume about the history of theory was missing but many readers took *Theories of Surplus Value* as a substitute. In the 1960s in many western countries a new discussion started, the *Grundrisse* was read, the first edition of *Capital* was read (which shows considerable differences to the later editions which are usually read and translated), it was recognized that Marx’s original plan, the six-book plan, was much broader than the content of the three volumes of *Capital*. In the 1970s, especially in West Germany, a discussion about a “reconstruction” of Marx’s *Critique of Political Economy* started. What was seen in the past as complete, now was recognized as incomplete, so that we have to “reconstruct” it out of the existing elements. But the idea of a reconstruction presupposes that the design of the project, its shape, already exists and is clear. But this shape is not so clear. We have known for decades, for example, that the manuscript from which Engels formed volume III of *Capital* was the oldest manuscript and that some of the eight manuscripts which Engels used for volume II are much more recent. The manuscript of volume III in some points doesn’t reach the more advanced level of argumentation that we can find in volume I and parts of volume II. Therefore volume III cannot just be finished by adding something here and there, it must be redesigned in some aspects (for example the theory of crisis or the theory of credit). And indeed this was Marx’s plan in the 1870s, as we know from his letters (especially to Danielson who again and again asked Marx about the continuation of volume I). And a little later, in 1881, we can read

in a letter (again to Danielson) that Marx wanted to redesign even volume I. Marx was still in the process of research: not only the process of presentation, also the process of research was unfinished. All this we have to bear in mind when we talk about Marx's *Capital*. Therefore I used this provocation and said *deconstruction*: I wanted to undermine an understanding of *Capital* as a project although unfinished in presentation, but so clearly designed that we can reconstruct the whole project by putting together the single elements. I wanted to criticize this idea of a possible "reconstruction."

We have to deal with *Capital* in a different way than the ideas of reconstruction propose and this also has consequences for our use of the preparatory manuscripts published in section 2 of MEGA. In the article I also criticized the editors of MEGA because they speak about "three drafts for *Capital*," meaning *Grundrisse* (1857/58) is the first draft, the manuscript of 1861–63 is the second draft, and the manuscript of 1863–65 is the third draft—a draft of something which was published by Marx (volume I) and Engels (volumes II and III). In contrast to this view (and besides a lot of other points), I think we have to distinguish between two different projects of Marx: the six-book plan with the *Grundrisse* as first draft, and the manuscript of 1861–63 as the second draft, and then as a new project the four-book plan of *Capital* with the manuscript of 1863–65 as the first draft of the first three books (the fourth book never was written, *Theories of Surplus Value* is a quite different project). And then follows a lot of material, in parts published (volume I of *Capital* in German and in a revised version in French) but in large parts unpublished. In my opinion a second draft of *Capital* is constituted by the first edition of volume I (1867), by manuscript 2 of volume II which was written by Marx in 1868–69 and some small manuscripts regarding the beginning of volume III. A third draft is constituted by the "Reworking manuscript" (1871/72), the second edition of volume I, the mathematical manuscript on profit-rate and rate of surplus value, and the manuscript for volume II, which were written in the 1870s. In sum we have not like the editors of MEGA argued three drafts of *Capital* plus the printed editions, I think we have two distinguishable projects: the first project with two drafts and the second project with three drafts (partly published), but without a final design.

Michael Kraetke has also published about *Capital* and the development of Marx's economic theory. Do you think he has the same opinion as you, or a different one?

In certain points we have rather different opinions and we criticize each other.

So, there are different explanations—I'm trying to understand what is the basis, what forms the proof of the way you and he say things.

We have different opinions about Marx's writings therefore the proof can only be found in these texts.

That means the same texts can have different interpretations for different people?

Yes, this happens very often. And then we have to discuss which interpretation is closer to the text, which interpretation can cover more points. With Michael Kraetke for example there are two fields of conflict: one field is that he denies that there are two different projects after 1857...

Is he only talking about a change of the six-book plan?

Yes, he sees a lot of continuation, some minor changes, but not two different projects. The other difference we have is the answer to the question, how big are the differences between Marx's original manuscripts of *Capital* and the editions by Engels. Engels as an editor of Marx tried to put things together, to make them readable for the reader, but in doing so he also accentuated, changed some things, for example most of the titles of chapters and subchapters in volume III are from Engels. In a number of points there is a considerable difference (not only stylistically) between the text Engels published and Marx's manuscript. Kraetke plays such differences down, in an article for the *Marx-Engels-Jahrbuch* he wrote that there are nearly no differences. But look in MEGA, you can find a lot of differences. I suppose different interpretations also rest on different estimations.

What do you mean here by estimation?

Estimation means the different weight you give to a certain point. For example if we compare a paragraph of Marx's manuscript of volume III of *Capital* with the text Engels edited and we find a difference. Then in part it is a question of judgment, of estimation, if the difference is relevant or not. I think some points are very clear, we can agree and in some points we come to different results by such different judgments.

So, this means that thus far there have been no definite interpretations agreed upon by everyone?

Yes, but this is the usual road of science. And you must see that until now we didn't have all of Marx's texts: for example the excerpts, which will be published in the

fourth section of MEGA, most of them were not published before. For a real, deep understanding of Marx's writings the excerpts are very important. In the light of new texts, our understanding of known texts can also change. The discussion is ongoing, and I don't suppose that there is a final point where everybody agrees. Perhaps a kind of convergence can happen, maybe some problems will be solved and a smaller number of problems with different interpretations will remain.

Are there any examples of basic interpretation of Marx that are agreed upon by most people?

Nearly every proposition you make will be questioned by at least someone. For example in my second book, the introduction in the three volumes of *Capital*, I tried to stay very close to the text of *Capital*, I didn't want to give big interpretations but to make Marx's text easier to understand for beginners. And when I gave my opinion about something, I made this clear by saying this is a disputed point, other authors have other opinions. But even this book was criticized by some people who said that I am wrong in this or that point.

I understand.

What we can say is that nowadays the discussion (at least parts of the discussion) about Marx's theory is more precise than thirty or forty years ago. That there is not a result which is accepted by nearly everyone doesn't mean that there is no progress. There is a certain progress in the way we read and discuss texts.

I am very interested in the concept of "Wert." You already mentioned the transformation problem. There are a lot of papers and books on this topic and a lot of interpretations. You said the problem is caused by old elements of political economy but not by Marx's new approach itself. What do you mean by this?

You have the discourse of classical political economy: Smith, Ricardo and so on. In central issues Marx produced a break with this old discourse but at the same time in certain points he remained in this old discourse. The break was not completely executed.

What kind of break did Marx make?

In my first book, *Die Wissenschaft vom Wert*, I tried to explain that there is a break regarding four aspects: (1) "anthropologism," (2) "individualism," (3) "empiricism" (4) "ahistoricism." In the discourse of classical political economy there is at first

a kind of “anthropologism”: this means that a certain anthropology, a certain idea about the essence of human beings is considered as natural. For example there is a famous passage where Adam Smith is discussing the difference between humans and animals and he argues that animals may quarrel about something, but only human beings exchange things. Smith concluded that exchange is a specific human attribute. Therefore the commodity owner is for Adam Smith the essence of a human being, and the capitalist society, full of commodity owners, is for Smith the “natural” form of society. Also the young Marx followed a certain anthropology which was critical to the anthropology of Smith. In some respects it was the negation of Smith’s anthropology. But in his *Theses on Feuerbach* and in *German Ideology* Marx criticized not only the anthropology of Smith but every idea of an essence of human beings, every “anthropologism” was criticized. So the first break is a break with anthropologism.

The second is a break with what I call “individualism.” It is the idea that when you want to understand society you have to start with the individual. First you have to know the attributes of individuals, then you know how they act and then you can understand society as result of these actions. This idea is not only central for Smith and Ricardo but also for neoclassical economics and also, for example, for the sociology of Max Weber. In the *Grundrisse* Marx articulated the opposite approach: “Die Gesellschaft besteht nicht aus Individuen, sondern drückt die Summe der Beziehungen, Verhältnisse aus, worin diese Individuen zueinander stehen” (MEGA II/1.1: 188): Society doesn’t consist of individuals, but expresses the sum of relations in which the individuals exist. So, society is not constructed out of individuals, society is the sample of the relations of the individuals. When you want to understand society you have to start with the relations and not with the individuals.

What is the difference? The relations are relations of individuals. Is it only a difference of viewpoints, of perspectives?

No, I don’t think so. It is much more than a difference of viewpoints and perspectives. The relations are relations of individuals, but the individuals are not fixed: when you have such an anthropological view like Smith or the young Marx, then you can say: an individual is this and this, but when you start with a relational view you cannot tell anything about the individual before you start to talk about society. For example, the neoclassical economists practice this individualism in an extensive way. They argue that the individual tries to maximize utility and from this maximizing process everything else is deduced: the relation to nature, to the labor process, and especially the relation to other individuals; very quickly an exchange relation is derived from maximizing utility. When we take seriously what Marx did in the *Grundrisse*, then there is no such general principle for individuals as such, neither a maximization

principle nor another principle. There are different modes of society and in different modes of society you have different modes of individuality, you don't have just one kind of individuality for all societies (like the utility maximizer in neoclassical economics). Therefore you have to start your analysis with the mode of society, and with the mode of production but not with the individual. It is the mode of society which defines a certain way to articulate individuality. So, individuality, the modes of individuality are defined by the society but the mode of society is not defined by the individuals.

I think this problem is very important.

Yes and I think we see here a big difference between the approach of Marx and the approaches of a lot of "bourgeois" economics and sociology. Marx needed a lot of time to come to this insight. The first manuscript in which he formulated this approach clearly was the *Grundrisse*. Before, for example in the *Communist Manifesto* or in *German Ideology*, he didn't fix this difference.

But which role then do individuals play in society?

We have to distinguish between individual persons and the possibilities of individuality. To make this more clear we can use an example which also Marx used in *Capital* in a footnote in the section on "Commodity fetishism," where he pointed to Don Quixote, this famous figure of Cervantes' classical novel. Don Quixote is living in the early 17th century and he has read so many novels about knights and their adventures (which he takes for the truth) that he himself wants to become a knight and finally travels around Spain riding on a horse with the armor of a medieval knight. His adventures, which sound very funny to us, mainly rest on misunderstandings. Why does it sound so funny? Don Quixote tries to realize a form of individuality which belongs to the medieval society. What he did would make at least some sense in medieval society, but in the post-medieval society of the 17th century his behavior looks crazy and stupid. The structure of society defines the forms of a usual, normal individuality. And the persons living in this society consider such forms mostly as quite "natural." But two or three hundred years earlier the forms of individuality were very different because the society was different. I'm not saying that every person is determined by society, as persons can choose, and Don Quixote tried to realize a different form of individuality than the form which was usual for his times. But society reacts in a certain way, you are considered to be stupid or even mad and you become an outsider. When you want to avoid this, you have to restrict yourself to the usual forms of individuality.

When we want to analyze society in a scientific way we have to start with its basic structures, its social forms and from this we can learn which possibilities individual persons have, which forms of individuality are possible (at least when you don't want to be counted as crazy) and how persons can act. When you look at the first two chapters of volume I of *Capital* then you can see very clearly how Marx did this. Chapter 1 has the title "The Commodity" (and not the commodity-owner or the commodity-producer). In the first chapter Marx didn't analyze the actions of persons, he analyzed the commodity-form as a specific form of the labor product and he comes to categories like use-value, exchange value, value-substance and so on. The second chapter starts with its famous sentence: "Die Waren können nicht selbst zu Markte gehen und sich nicht selbst austauschen. Wir müssen uns also nach ihren Hütern umsehen, den Warenbesitzern" (MEW 23: 99), "Commodities cannot themselves go to market and perform exchange in their own right. We must, therefore, have recourse to their guardians, who are the possessors of commodities" (*Capital*, volume I, Penguin edition, p. 178). Marx made it very clear, that first he analyzes relations (chapter 1) and then in chapter 2 he analyzes human actions according to these relations. Also here you can see the difference to the analysis of Smith and Ricardo or modern neoclassical economics: they start with actions, an analysis already at the level of abstraction of the second chapter of *Capital*. An analysis which you can compare with Marx's analysis of the commodity, an analysis of the *commodity-form*, of the *value-form*, you will find nowhere else.

But also these forms are the result of human activities.

Of course, society doesn't fall from heaven. We all produce society, but we do this in certain forms, our production of society is not arbitrary. In scientific analysis we have to start with the forms, not because the forms would exist earlier in time but because there is a kind of logical priority: Understanding the specific forms of society, we can understand the typical action of individuals; but starting with the action of individuals we will not understand the forms. Or we take them for granted, we don't see that such forms have to be explained—this is what classical and neoclassical economists are doing: they start with the action of the commodity exchanging persons, but they don't see that the commodity form as such needs an explanation, they accept this form as a kind of natural form (this is the point which Marx analyzed under the heading "Commodity fetishism" and at the end of volume III of *Capital* as the "Trinitarian formula").

But what about the other breaks?

We spoke about the break with "anthropologism" (to accept a certain anthropology as "natural") and "individualism" (the attempt to understand society by individuals),

but a third break happens with “empiricism.” Of course Marx used a lot of empirical data, much more than most of the other economists at that time, he was almost obsessed with data. But what I mean with empiricism is something else than the use of data. It is the view that society is something that is very clear and transparent: you just have to look precisely and then you can see everything. This opinion Marx shared in *German Ideology* and in the *Communist Manifesto*. In *Capital* Marx stresses that what you can see is only a surface but there is a kernel you cannot see, you have to reveal this kernel, you have to understand certain secrets, for example the secret of commodity fetishism. In *Capital* Marx speaks a lot about “secrets” or the “supranatural” character of value. Such notions are not the expression of an eccentric style, but they try to make clear the non-transparent character of capitalist society, a non-transparency which is neglected by empiricism. Therefore the basic notions of *Capital* like value and surplus value are non-empirical notions. What you can observe in an empirical way is price, profit, interest rate, rent. But value and surplus value are not empirical notions in this sense. That Marx uses non-empirical notions to explain the behavior of empirical magnitudes is again a big difference to classical and neoclassical economics.

But nevertheless Marx’s concept of surplus value is in close relation with Ricardo’s concept of surplus value?

In my first book (*Die Wissenschaft vom Wert*) I criticized in some respects Marx’s high appreciation of Ricardo. Ricardo had no real value theory. Whenever Ricardo used the word “value” he spoke of exchange relations presupposing the existence of an average rate of profit, therefore by “value” Ricardo meant what Marx in the third volume of *Capital* called “prices of production.” But without real value-theory Ricardo also had no real theory of surplus value, he always dealt with average profit.

But Ricardo mentioned value, he spoke about value.

Ricardo used the *word* value. But when you consider what he describes as value, then it was something very different from what Marx described as value. When Marx analyzed value at the beginning of *Capital* he made no special assumptions about capital, he didn’t presuppose the existence of a general rate of profit. On the contrary the strict application of value theory leads to unequal profit rates—a result which contradicts the empirical tendency to an equalization of profit rates. But to allow this equalization values must be transformed in prices of production, this is in short the story of the second section of volume III of *Capital*. But Ricardo, when he uses the word “value,” he is always occupied (in Marx’s terminology) with “prices of production,” because for Ricardo capital is always connected with equal profit

rates. When you see which problems Ricardo follows already in his first chapter, then I think it is very clear that he always presupposes capital with an average rate of profit. And when you have capital with an average rate of profit, there is no exchange according to value, there is an exchange according to prices of production.

For Ricardo where is the value coming from, who creates value?

Ricardo doesn't speak about the "creation" of value. Ricardo only states that two commodities exchange according to the labor time, which is spent in producing these commodities. But he never states that spending this labor time creates value. And this is not only a formality. Ricardo already in the first chapter of his book gives a modification of this rule, when two capitals have different periods of circulation, then their products will not exchange according to the labor time needed to produce them, there will be a modification in order to preserve equal profit rates for two capitals with different circulation time. If Ricardo would have had a theory about creation of value, he should put the question (as Marx did) of how such a modification is possible. But Ricardo just gives a rule for exchange relations, and this rule in some cases has to be modified in order to have equal profit rates—something which Ricardo takes for granted.

But Marx didn't fully recognize this difference to Ricardo. He assumes that Ricardo starts with a value theory similar to his own, but then very quickly makes mistakes in his arguments. But I think it is just the other way round. Ricardo is not very clear with his words (the use of the word "value"), but he is clear with his arguments: under the title value he presents a coherent theory of prices of production. Marx overestimates the common ground he had with Ricardo and he underestimates the differences in some respect.

What are the differences and what is the common ground?

I would say there is nearly no common ground, there are much more differences between Marx and Ricardo. In *Theories of Surplus Value* also Marx stresses the differences. He wrote that Ricardo understood the relation between labor and value but that he didn't understand the specific character of this labor that this labor must result in a general equivalent, in money. But this is essential, I would add: when Ricardo didn't understand the character of commodity producing labor then, I would say, Ricardo didn't understand the whole process. But in the 20th century discussions the differences between Marx and Ricardo were neglected or hidden because of the marginalist turn of political economy in the late 19th century. In the time when Marx wrote *Capital* it was very usual to stress the connection between labor and value in one or another way. But after the marginalist turn of economics this connection

was destroyed. Instead of labor now utility or more precisely marginal utility was used as a basic category. Marxists tried to defend the connection between labor and value, they focused their intellectual energy against neoclassical and Keynesian economics, but they didn't pay so much attention to the differences between Marx and the classical economists like Ricardo. I would say it is one of the progressions which were made in the 1960s and 1970s to discuss such differences and by this to come to a better understanding of Marx's theory.

That's very interesting, but before you mentioned four breaks and until now we have discussed only three.

The fourth point is not so unknown: It is the ahistoricism of classical and also neoclassical economics. These economists don't deny history, of course there is a history of kings and of battles but economic history is reduced to two conditions: either you have a market economy which according to them is natural for human beings, or you have a non-market economy which is not natural for human beings. Instead of this a-historic distinction Marx developed a concept of different modes of production and of historical change, which shows that there is a real history also of economic forms, that there is not only this division between "natural conditions" and "artificial conditions." There is a history which is behind historical events of kings and battles, and which is much richer than what the classical economists or even some classical historians are discussing. For example, in the *Grundrisse* there are a lot of excursions. One excursion is about the conditions in ancient Greece and ancient Roman. In the 19th century a discussion started about whether the ancient Greek economy was a rather modern economy because they had commodities, they had money, they even had some forms of capital and credit. In a few pages Marx criticized this view: just to state that the ancient Greeks had money and capital is not enough, you only have to look at what kind of capital this was and you will see that capital at that time operated very differently compared with modern times, therefore capital in ancient Greece is very different from modern capital.

There was already capital in ancient Greece?

When you go in an archaeological museum you will find a lot of large ancient Greek vases, painted with black figures. These vases were mostly used to transport oil, they were mass-products, produced in workshops with several dozens of workers. The workshop owner advanced money for workers and raw material in order to have a profit by selling the manufactured goods. So you can say it was a kind of capitalist production.

So the concept of capital is already there?

Not in a scientific way, philosophers like Aristotle had a concept of interest and a simple notion of profit: to buy cheap and sell expensive. But what is decisive is the difference between this ancient form of capital and modern forms. The successful modern capitalist may have a luxurious life, but you cannot say this luxurious life is the aim of capitalist production: the biggest part of the profit is reinvested in order to receive even more profit in the future. Capitalists are forced to behave like this by competition; if they don't invest, extend and modernize production they will be lost after a few years, because competitors will sell cheaper or better products. In contrast the ancient Greek capitalist was a rent-seeking capitalist: he used the manufacture mainly as a source of income, the biggest part of the profit was consumed and only a very small part was invested. The capitalist production was not dominating the whole production of society; there was not this pressure of economic competition. But there was a social pressure: you have to live a life (and to have expenses) according to your social rank. The higher the rank the more you have to spend in favor of the community: in times of peace you have to finance for example theatrical plays, in war time you have to finance for example a war ship (which then you can command). So, in some respects you have a kind of capital but in a totally different social and economic context compared with modern situations, and Marx was stressing this point in the *Grundrisse*. So he developed a much richer view of history, in some respects he was one of the first to start with a real economic history. Therefore my fourth point: the break with the "ahistoricism" of economics.

You have spoken about these four "breaks," but what is the result of all these considerations?

With these four breaks a completely new field of science is constituted: this was the *scientific revolution* Marx was partaking in, he entered this new field of science. In some respect, what Marx did is similar to what Galileo did. Galileo constituted a new field of physics. Galilean physics provides not only some new results, it is a new science, completely different from what was called physics in medieval or in ancient times. Marx did the same in the field of economics and social sciences. But nobody is perfect. Marx opened up and entered this new field but he himself was not at any step completely free from the old ideas and concepts. In *Capital* you can sometimes find a certain mixture, old concepts merged together with new concepts although these new concepts imply a deep criticism of the old concepts. This mixture leads to what I have called "ambivalences"—notions and arguments that are oscillating between old and new concepts. And these ambivalences create a number of problems, like for example the famous transformation problem which was

discussed so often in 20th century. Had Marx been more consequent with his own concepts, the transformation from values to prices of production wouldn't appear as a problem. Another problem of this type is Marx's notion of money commodity. He insisted that there must be a money commodity, what is not really the consequence of his own concept of value (only the money form is necessary, but it is not necessary that the bearer of this form has to be a commodity, which can be represented by a paper, the bearer of the money-form can also be a paper which doesn't represent a money commodity). If my view is correct, that these problems result from basic ambivalences in Marx's theory, then you cannot change some single points but you have to discuss the question of what really is the core of Marx's approach, which arguments fit to this core, and which do not. Such an inquiry was the main aim of my book *Die Wissenschaft vom Wert*.

Marx was occupied with classical political economy, but today neoclassical economics is dominating. What is the difference between classical and neoclassical theory?

There are several differences. One very visible difference is the extensive use of mathematics in neoclassical theory. But very often the price of the use of mathematics is the unrealistic abstraction of the neoclassical models, for example the model of the single-good-economy: it is assumed that a whole economy produces only one single kind of goods.

Another difference is the importance of the notion of marginal utility. Adam Smith argued that utility cannot explain the exchange value of goods by using his famous example of water and diamonds: water has much more utility for men than diamonds but a diamond has a bigger exchange value than water. From this Smith concluded that utility cannot explain exchange value. Neoclassical economists agree with Smith, but they distinguish between "utility" and "marginal utility." Marginal utility is the additional utility we receive by an additional quantity of something. Water for example has a very high utility for men, we cannot live without water, but fortunately we have a lot of water at our disposition (outside a desert). So when we receive an additional quantity of water the additional utility (the "marginal utility") is very low. But because I have no or nearly no diamonds the additional utility (marginal utility) of even a very small diamond I receive is very high. In this way these economists started to explain exchange value by using marginal utility.

What is also characteristic of neoclassical economics is the static character of its modeling. The classical economists were interested in dynamic processes like growth or the long-run development of the profit-rate and so on. Neoclassical models mainly formulate a kind of economic equilibrium, a balanced situation which has the tendency to remain stable if there is no disturbance from outside.

On such points you have a lot of differences between classical and neoclassical economics, and neoclassical economists would say we represent modern economics, whereas the classical political economy of Smith and Ricardo represents old-fashioned economics; and regarding Marx they argue (if they argue, mostly they neglect Marx) that maybe he has some points in criticizing Smith and Ricardo, but we neoclassical economists are beyond Smith and Ricardo and therefore we cannot be affected by Marx's critique.

But when you consider the four points of break I mentioned, then it quickly becomes very clear that Marx criticized not only single points or results of Smith and Ricardo, but he also criticized the foundations of their science, foundations which are still shared by neoclassical economics. Therefore with these four points in mind, I can argue, Marx's critique is so fundamental that it also impacts on modern neoclassical economics. Marx is still up to date.

Yes, that is very clear. But what do you think was the idea behind Marx's critical research, and to what extent did he achieve his aim? For example Marx had a certain theory of value that can explain exploitation. So, for him, was this enough?

What was the central point for an author is a difficult question. Marx formulated a labor theory of value and based on this a theory of exploitation. But this result was not very original. It existed before Marx. The so-called "Left Ricardians," leftists like the young Thomas Hodgskin, used Ricardo's ideas in order to formulate a kind of labor theory and a theory of exploitation in the late 1820s and 1830s. It is a very simple conclusion: when all the wealth is produced by workers, but workers live in such misery, then there must be a kind of exploitation of the workers. In the early workers' movement, exploitation was a very common idea long before Marx.

If we only stress that Marx had a labor theory of value and theory of exploitation then we neglect his originality and reduce him to something which was already reached before him. Specific to Marx is the certain character of his labor theory of value and his theory of exploitation. For example, in contrast to all former theories, Marx's labor theory of value was a "monetary" theory. His main criticism of Ricardo and the Left Ricardians was that they didn't understand what money is. Marx appreciated Ricardo a lot, but he criticized him for not understanding the connection between commodity producing labor and money.

Also in contrast to former theories of exploitation, Marx's exploitation theory is not a theory of robbery. When Marx uses the word exploitation, he doesn't have robbery in mind. This he stressed in the second section of volume I of *Capital*: we have to explain the existence of capital gains even when there is always an exchange of equivalents. And in the *Notes on Wagner*, probably Marx's last economic

manuscript, he is really angry that the economist Wagner states that Marx would argue with a kind of “robbery.” Not to do this is one of the main differences between Marx’s theory of exploitation and the older theories of exploitation.

But the surplus value was produced by the laborer and the laborer didn’t receive it. This is a kind of robbery. But if there is no robbery at all, how does Marx understand surplus value?

Marx expresses how he understands surplus value in the second section of volume I, “Transformation of money into capital” (fourth chapter in German edition, fourth to sixth chapters in English editions). The worker doesn’t sell labor time, he sells his labor force. The labor force has an exchange value, these are the costs of reproduction (plus a certain historic element, expressing what is a normal reproduction in a certain society). If these costs of reproduction are paid to the worker, the worker has received the value of his commodity and no robbery took place. But the labor force has a certain use-value: labor force can be used to work, to spend labor time and when this happens under the conditions of commodity production, this labor time creates new value. When the labor time lasts long enough, then the newly created value is bigger than the value of the labor force, which the capitalist has to pay to the worker. The difference between these two amounts of value is the surplus value.

Is it “robbery” that the use of the bought commodity brings a bigger value than the commodity’s value itself? In the next chapter (“Labour process and valorization process,” fifth chapter in German edition, seventh chapter in English edition) Marx clearly says “no” and uses oil as an example. When a person sells oil the buyer has to pay the value of the oil. When after the deal the buyer enjoys the use-value of the oil, for example by enjoying the heat that emerges when the oil is burned, then the seller cannot come back and ask from the buyer an additional value for consuming the use-value of the good. Buying a good includes enjoying its use-value. And the use-value of the labor force is to produce new value, which is bigger than its own value. Enjoying the use-value of the bought labor force makes life nice for the capitalist, but it is not a robbery.

But when workers produce something for which the capitalist doesn’t pay full value, can we then say that labor is paid is fair?

The problem is, what does “fair” mean? “Fair” according to which rules? According to an eternal justice? Several times in *Capital* Marx points out how ridiculous Proudhon’s ideas of eternal justice are. But Marx didn’t want to replace Proudhon’s ideas about eternal justice with better ideas about eternal justice. In volume III Marx argues that there is no such thing as eternal justice. Justice always belongs to

a certain society. In a commodity producing society we have the justice principle of commodity exchange: to receive the value of my commodity is just (and fair), and not to receive the value is not fair. The worker does not sell his labor time, he sells his labor force (and nothing else is possible, see chapter 17 in German edition, chapter 19 in English edition) and when he receives the value of the labor force then this transaction is fair—according to the rules of commodity production.

To stress that capitalist exploitation is not robbery and that the payment is “fair,” when the value of the commodity is paid, means not to justify capitalism. Marx shows in the analysis of the production process, that although exploitation is not the same as robbery, the capitalist production process is disastrous for the workers. Marx criticized the understanding of exploitation as “robbery” in order to criticize a certain way of (in his eyes very limited) criticizing capitalism, the “moral” criticism. Instead of discussing fairness and justice, Marx wants to show that capitalist production is necessarily destructive—for the single worker, for society and also for nature (see for example the end of chapter 13, chapter 15 in the English edition, “Machinery and large scale industry”).

How do you regard Marx’s labor theory of value when it is criticized and even denied by some Marxists? For example John Roemer who says that it is wrong, totally wrong, forget it.

I think what is very fundamental for John Roemer and all these guys from “Analytical Marxism” is the transformation problem. From this problem they conclude that values cannot explain prices, therefore we don’t need a value theory and when we use it, it is misleading. But this is a very limited picture of value theory. They think value theory is a necessary tool to explain prices, and when I can explain prices without such labor quantities then labor theory of value is not necessary; and when I use it, it leads to wrong quantitative results. But I’ve already criticized the starting point of this whole debate that you presuppose two different quantitative systems, a quantitative system of labor values and a quantitative system of prices of production, and then you have to search for the quantitative relation between the two. In volume III of *Capital* Marx indeed used such an approach and it led to all the mathematical problems extensively discussed in the 20th century. But as I tried to show in *Die Wissenschaft vom Wert* such an approach is not necessary regarding the monetary character of Marx’s value theory. That Marx used such an approach belongs to the ambivalences I mentioned above: Marx is not clear here, he is falling back to the field of classical political economy which he already overcame. In the second section of volume III, when Marx discusses the transformation of values in prices of production, he used a non-monetary value theory instead of a

monetary value theory. What would be necessary is to criticize the old elements, and to use the achievements of Marxian value theory in order to criticize Marx's specific presentation at such points, where it falls back behind what Marx already reached. Roemer, Steedman and other authors do just the opposite. They rely heavily on such relics of the old field of classical political economy, considering these relics as essential content of Marx's argumentation and then argue (with a lot of mathematics) that this argumentation is wrong. But what these guys really show is that the discourse of classical political economy is wrong. But they totally miss the real achievements of Marx's value theory.

I think Roemer and similar authors have not only a wrong understanding of Marx's value theory, but also too narrow an understanding of what has to be explained. They want to explain quantitative price relations but Marx wanted to explain how the capitalist society as a whole is functioning. He wants to understand the specific character of a capitalist society compared with pre-capitalist societies. For all this the double character of commodity producing labor, fetishism etc. are enormously important—elements of Marxian value theory which play absolutely no role for Roemer and others.

Marx is less appreciated in Eastern countries. He is sometimes treated negatively not only in China, but also in East Germany, Eastern Europe, and Russia. A lot of young people think the labor theory of value has already been proved wrong. Also it is said that value is not only produced by labor time, but by mental abilities or by management.

This discussion is also very common in Germany. I would say that some very basic notions of Marx are confused: use-value and exchange value, concrete labor and abstract labor are confounded. In some respects it is a bit similar to the 19th century, when bourgeois economists said that it is the machine which is producing surplus value and not the worker. But machines only raise productivity of human labor. It is a change on the side of *concrete labor*, if you use machines. But for value *abstract labor* is decisive. The same counts when the working process is changed and physical labor is replaced by mental labor. Also this is a change in the character of concrete labor. However, abstract labor means not simply the duration of spending labor force. What you can measure with a clock is only the duration of concrete labor, spent by an individual worker. Abstract labor is the result of a social process which validates the concrete, individual labor spent as a part of the total social labor. And in this process complicated (mental) labor is validated in a higher degree than simple (physical) labor.

But what about the argument that capitalists, the managers, produce value? What about, for example, Microsoft?

I think you can understand all this using categories already developed by Marx. Companies like Microsoft are almost monopolists and they can at least for a certain time sell their commodities at a price above its value. So they receive an extra-profit. But this extra-profit was not created by Microsoft, they take it from others who paid a price above the value of the commodity, it is just a redistribution of value in favor of the monopolist.

But how should we judge a businessman? Is he also a laborer? Is he producing value?

Here we have to distinguish different cases. Take a small businessman, a self-employed person. This person is working, producing something, which he sells by himself. He combines two functions in one person, the laborer who produces value and the capitalist who receives surplus value. The same counts when the business becomes a little bigger and has a small number of employed persons, but he is still forced to spend the biggest part of his time by working like one of his employees. Then he is still mainly a worker. Only when he can employ so many workers that it is no longer necessary for him to work really like the others, when he can focus only on supervising, on controlling the process of exploitation, only then is he a real capitalist: the workers produce value and he receives the surplus value.

But how do we judge, for example, the case where we have two factories and the manager of one factory is better, cleverer, and this factory then has more profit than the other? How do we judge a manager's created value and a worker's created value?

The cleverness of the manager has nothing to do with value production. What is the clever manager doing? Perhaps he finds a new type of advertisement, so that consumers are convinced they must buy this product. In this case he can raise the price of the product over the value; the company will have a higher profit, but not because someone in the company produced more value, but because people were convinced to pay a higher price, which led to redistribution of value: the consumers receive a product of low value and pay a high price.

Or let us consider another case. Maybe the manager is not so good at advertising, but he goes to the workers and tells them: "You lazy workmen have to work much quicker. Do it or I will throw you out. There are enough unemployed people who will be happy to take your job." The workers will be in fear and they work quicker.

Let us say in the past it was usual that a worker produced 10 units per hour. Now he produces 12 units per hour and in the evening he feels much more damaged than before. The cunning manager receives 20 percent more output, but the wages remain the same. Selling this additional 20 percent output will increase the profit a lot. In this case indeed a higher value was produced, but it was not the manager who produced the additional value, the workers produced it. The manager didn't produce anything. He just used his power to threaten the workers and press them to produce more.

Many people are talking about material and immaterial work. What about these?

Often people speak about “immaterial work,” meaning a labor process which doesn't lead to a material product, which exists independently and which you can move through space and time. In most cases they mean services. The difference between a material product and a service exists only on the side of use-value: regarding a material product, the process of production and the process of consumption can take place at different times and in different locations (the baker produces bread during the night in his bakery, I consume the bread in the morning in my kitchen); but regarding a service, the process of production and the process of consumption happen necessarily simultaneously (a taxi-driver takes me from my apartment to the station: at the same moment the driver produces the change of location, I have to consume it). Whether a product or a service becomes a commodity depends on whether or not it is sold. If a friend takes me in his own car to the station, that also is a service, but he doesn't sell it as a commodity like the taxi-driver.

The point gets more interesting when we come to such things like “fictitious capital” where you have prices without value. Marx analyzes this in volume III of *Capital*. Shares and bonds are fictitious capital, they are not the product of any labor, they just include a *claim*. For example, a share is the claim to receive a part of the profit of a company. When this claim is sold you receive a price, but this price doesn't express a value; the claim and the legal right to do something is not the product of labor. When I invent something to increase the price of my shares (maybe I can convince some journalists to write a good article about my company) I don't produce any value, I am just successful in receiving more value from others.

I think you give a very good defense of value theory, so now I want to ask: for you, are there any essential criticisms of Marx? Do you think there is any criticism of Marx's labor theory of value that is not easy to refuse?

It depends on what you understand as “labor theory of value.” I think there is a very narrow understanding which is shared by some critics of Marx and also by

some Marxists. This very narrow understanding says that labor theory is mainly to explain the exchange relations in everyday life and that this is done just by the quantity of labor, which was spent. There are good reasons why you can criticize such a narrow and reduced value theory. But Marx's labor theory of value is not such a narrow and simple construction. It aims not only to price relation but to the way a capitalist economy is functioning: on the one hand people depending on each other by the division of labor, but as commodity producers they behave as if they are independent atoms. And this crazy economy is not breaking down at once, it is functioning in a certain way. How this is possible, how this functioning leads to crisis, all these are explained by Marx's labor theory of value. In this sense I don't see any serious challenge against the labor theory of value.

Nevertheless not every critic rests on false arguments. Marx's presentation of this theory is not free from ambivalences, as I mentioned at the start of this interview. Such ambivalences can give reason to some critics. But we can remove these ambivalences, we can do this—not against Marx but guided by the scientific revolution he started. This was the project I followed in my book *Die Wissenschaft vom Wert*. When we do this we receive a labor theory of value purged from ambivalences and old elements which do not belong to the new field. This theory, a real social theory, which explains the functioning of a capitalist economy, is indeed unchallenged.