Chapter Two
Debates

1. Recasting the issues

To understand the crisis from the perspective of Marx’s labour-theory of value requires that his theory be shown to be valid and internally consistent. But, since its appearance (and especially after the appearance of the third volume of *Capital*), Marx’s theory has been the object of sustained attacks aimed at showing its logical inconsistency. The critique has centred upon four issues: abstract labour as the only source of value, the materiality of abstract labour, the law of the falling rate of profit, and the so-called ‘transformation-problem’. These are crucial areas of Marxist theory. If the critiques are proven to be correct, there would be no sound platform on which to build a truly radically alternative view of capitalism and thus of its tendency towards crises and its own supersession. This is the vital question underlying the issues discussed in the following four sections.

The debate on the four aforementioned issues has been lively. However, there is a crucial dimension which has been disregarded by both sides. The focus has been mainly on the quantitative and formal-logical aspect of the issues. But, as argued in Chapter 1, formal logic cannot explain qualitative, radical change. And this is the limit of the debate. Looking back, this limit has been a necessary evil. Marx’s critics have used the rules of formal logic and mathematical
tools to support their arguments. It has then been necessary to use the same rules and tools to rebut the critique. But this is no longer sufficient. To provide a complete proof that there is no inconsistency in Marx, one has to use Marx’s own method, the dialectical method (of which the tools of formal logic are an aspect) and thus the class-determined perspective, as highlighted in Chapter 1.

This chapter will argue that Marx’s theory is based on a view of reality whose essential co-ordinates are time (temporalism) and non-equilibrium. It requires the use of the dialectical method of social enquiry, which is sufficient to rebut the critiques which are based on an opposite view of reality, one in which time is banned (simultaneism) and the economy is in, or tends towards, equilibrium. This latter argument rests exclusively on formal logic. The two-fold aim of what follows is not only to show Marx’s internal consistency (by adopting the temporalist, non-equilibrium approach) but also to argue that, in the debate between the two camps, the dialectical view of reality has been lost. In other words, both approaches suffer from a common constraint, the exclusive reliance on (the rules of) formal logic.

In terms of formal logic, there is general agreement that an interpretation that is logically consistent in its own terms (logically valid, for short) should be preferred to one that is not. There is no agreement, however, on which interpretation to choose from in cases where two or more interpretations derived from opposite postulates are equally logically valid. In this case, the debate has not produced a commonly agreed selection-criterion. Purely in terms of formal logic, no reason has been advanced as to why one approach (the temporalist, non-equilibrium approach or the simultaneist, equilibrium-approach) should be chosen rather than another if both lead to opposite and yet internally consistent interpretations. The cause of this indeterminacy is to be found in formal logic, which is implicitly based on methodological individualism (which implies that everybody is free to choose whatever theory she likes), while dialectical logic perceives the class-determination and thus the class-content of postulates and theories. From this perspective, it is the class-content that functions as the criterion on the basis of which to choose.

In other words, if (and this is the essential condition) participation in the debates is meant to be an aspect of the development of a theory representing and defending the cause of labour, the selection-criterion (as argued in Chapter 1) should be whether the different postulates and the interpretations deriving from them are an instance of a wider theory of radical social change. In