



## Interventions

### Production vs. Realisation in Marx's Theory of Value: A Reply to Kincaid

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#### Abstract

In a review of our work, Kincaid suggests that we are 'productivist', reducing interpretation of Marx and capitalism to production at the expense of the relatively independent role that can be played by the value-form in general and by the money-form in particular. In response, we argue that he distorts interpretation of our work through this prism of production versus exchange, unduly emphasises the independence of exchange to the point of underconsumptionism, and simplistically collapses the mediation between production and exchange in the restructuring that accompanies the accumulation of capital.

#### Keywords

Marx, capital, profit, composition of capital, money, value theory, Kincaid

We very much welcome Jim Kincaid's review article of our books, *Marx's Capital*<sup>1</sup> and *The Value of Marx*<sup>2</sup> and the complimentary remarks that he has to offer. But the leitmotif of his commentary is one concerning our 'limitations', a term he uses often to describe our contributions. The nature of his critique is apparent from his title 'Production versus Realisation' in which he claims that we are 'productivist' because, according to him, we give undue emphasis to production at the expense of exchange.

Before dealing with this charge in detail, it makes sense to place the two books in context. *Marx's Capital* is in its fourth edition, the first having been published in 1975, with this and the previous editions solely authored by

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1. Fine and Saad-Filho 2004.  
2. Saad-Filho 2002.

Fine. The first edition appeared in a Macmillan student series of economics texts and was confined for that purpose to 25,000 words. Its success allowed it to outlive the series by a long way and for it to be successively expanded to its current 50,000 words. The third edition was published in 1989 but Macmillan declined the chance of a new edition, with Pluto taking it on instead. From the outset, and currently, the purpose has been to offer a faithful representation of Marx's political economy as far as word-length and the nature of the material would allow, whilst also engaging modern 'students', university or otherwise, in Marx's ideas on economics in the hope that they would become attached, not least going on to read the real thing.

Marx's *'Capital'* has done well in terms of translations and longevity, the latter against a declining interest in Marxist political economy and of active *Capital* reading groups and the like. It is significant that popular presentations of Marx's political economy are notable for their absence and/or failure. There are good reasons for this. His ideas are complex and not readily subject to simply summary; they are also controversial and subject to misinterpretation, not least when forced through the prism of orthodox, and even heterodox and sympathetic, economics; and there is a need to strike a balance between abstract theory and contemporary events, needs and interests.

Across these competing tensions, Marx's *'Capital'* has achieved some modicum of balance, not least with the final chapter of the fourth edition adding topics such as class, the state, globalisation, the environment and socialism. The move to joint authorship was motivated by the wish to add some fresh air to a text that had previously already been gone over three times before. *The Value of Marx* is altogether different, being pitched at the most advanced level. It presumes a reading of *Capital*, and debates upon it, in offering its own interpretation of Marx's political economy and the controversies that surround it. In this respect, it is a partial successor to, and advance upon, Fine and Harris's *Rereading 'Capital'*,<sup>3</sup> providing, on a narrower terrain, some novel exposition of its own as is accepted by Kincaid (and dos Santos who offers a review of a very different kind from Kincaid's).<sup>4</sup> In this respect, *The Value of Marx* is, of course, not subject to the same tensions and constraints as Marx's *'Capital'* in terms of length and reader-accessibility. But it too is seen as flawed by Kincaid for similar reasons, although the critique is offered in the more technical terms of how to interpret the law of value and competition between many capitals. Kincaid also finds exchange unduly neglected across both books and focuses specifically on the treatment of the composition of capital, also providing an appendix of his own on the issue.

3. Fine and Harris 1979.

4. See dos Santos 2007.

Against this background, it would have been possible for Kincaid to have suggested that Marx's *'Capital'*, if not *The Value of Marx*, had been analytically compromised in order to achieve its goal of accessibility. This is not claimed by him, and appropriately so, for we can assert that principle was not sacrificed for readability. In other words, differences between ourselves and Kincaid are genuine, not least because both books under review and our body of work on Marxist political economy as a whole are mutually consistent and not compromised either by level or subject.<sup>5</sup>

With one exception, this means that differences between us are substantive and not presentational. For the latter, Kincaid deplores in Marx's *'Capital'* the absence of the derivation of money as in the opening chapters of *Capital*. There is, of course, a healthy debate over why Marx began in this way, whether it is essential and proves the validity of value theory.<sup>6</sup> These debates certainly do shed light on Marx's theory of money (and of money capital and of the monetary forms of capital) but they are pitched at too high a level for our elementary exposition and are liable to prove too esoteric to the uninitiated. No doubt this reflects our own view that Marx's monetary theory can be appropriately developed without first running through the opening chapters of *Capital* itself. Indeed, this is done in Chapters 11 and 12 of Marx's *'Capital'*, covering interest-bearing and merchant-capital, in text that has essentially been present from the first edition. On these, Kincaid offers no comment at all (although dos Santos comments on little else!)<sup>7</sup> even though they deal precisely with the sphere of exchange that we are deemed to neglect, and despite the fact that we offer propositions on the three questions to be answered with which he closes.

Specifically:

1) Our treatment of unproductive labour addresses the issue that it can increase the rate of profit without creating surplus-value but that this

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5. Nonetheless, our contributions have evolved in depth and breadth over time. Further, Kincaid's attempt to drive a wedge between ourselves and Weeks 1981 is inappropriate as we all share the same interpretation of Marx and have worked closely together for many years. Similarly, whilst there are differences with Harvey over application of method and some theoretical propositions, these are limited relative to the broad swathe of agreement on method itself. See Fine 2006.

6. For a review see Saad-Filho 2002, Chapter 1.

7. Dos Santos suggests two different and incompatible approaches to Marxist treatments of the financial system, drawing upon Itoh and Lapavitsas 1999, assigning us to the interest-bearing-capital approach (a loan to initiate a circuit of capital) as opposed to his preferred one of what we would term loanable-money-capital approach (money advanced to earn interest for whatever purpose it is used). We do not consider these to be incompatible but that the latter is the more complex form taken by the former, just as price is to value.

does not place it in the same position as productive labour (not least because costs of circulation can be unnecessarily expanded at the expense of profitability and the intensification of crises – not some academic point in the era of financialisation).<sup>8</sup>

- 2) 'Productivism', however defined, might neglect money, but we do not, as is evident from the review of dos Santos in this journal. And the presence of, but not subordination to, value-form analysis is evident throughout our books.<sup>9</sup>
- 3) Nor do we neglect reproduction, not least with the innovative depiction of *economic* reproduction in diagrammatic form carried over from the first edition of Marx's '*Capital*' and its insistence upon attachment to social reproduction (and transformation).

In these respects, Kincaid adopts a peculiar and erroneous mode of critique. He rightly observes that we treat exchange as 'secondary', a term he uses a number of times. But he often seems to confuse 'secondary' with relative neglect – for exchange itself and also for money, competition and reproduction. These are all extensively covered in our books. For, as Kincaid is aware, there is a difference between the order of abstraction (movement from simple and more abstract to complex and more concrete, value to price for example), the order (and nature) of causation (production prior to exchange), the order of presentation (must we always start with the money form?), and the order of investigation (something that does not appear explicitly in our deliberations because it is overwhelmingly contingent). Kincaid would appear to conflate these and move freely between them in his assessment of our work or, at least, not to recognise that priority to production in abstraction does not necessarily entail a secondary and uniform status to everything else in all other respects.

In short, our original sin in not beginning, like Marx, with a full exposition of money and the value-form is no such thing but, we would suggest, rather a judicious analytical and expositional choice on our part. However, it serves for Kincaid as a symbol of our 'productivist' bias. This does raise the issue of two different criteria for assessing our (and Kincaid's) contributions – by appeal to Marx and by appeal to strength of argument. As an exposition of Marx, our intention is that the two should coincide, and much the same would appear to be true of Kincaid, and so our differences with him can run along parallel lines of interpreting Marx as well. He wishes to drive a wedge between Marx and ourselves by the charge against us of 'productivism'. In doing so, he is guilty of

8. Fine 2007.

9. For an extraordinary neglect of value-form in pursuit of a political theory of value, see Knafo 2007 where money and exchange-value scarcely appear at all.

misinterpreting both Marx and ourselves. In part, he caricatures a ‘productivist’ position and imposes it on our work even though it does not fit and involves ignoring major parts of our work to make it appear as if it does fit. For money, for example, he sees us as relying upon orthodox theory for its functions, whereas we accept that money is the form and measure of value as a social relation under capitalism, but that this is not incorporated into orthodox accounts of the functions of money, and cannot be.

In this and other respects, Kincaid interprets Marx himself from his own ‘circulationist’ bias. Possibly as oversight, he suggests, ‘[t]he substance of value is abstract-labour, measured in units of socially-necessary labour-time’.<sup>10</sup> This is simply wrong. Value *is* socially-necessary labour-time and it is *measured* by money (although only after intervention of processes of distribution and exchange) as every value-form theorist knows. His circulationist bias is apparent in what can only be described as an astonishing departure from Marx in Kincaid’s interpretation of value. Our view, and Marx’s, pure and simple, is that value is created and determined in production under the control of capitalists (although value can also be created by non-capitalist forms of commodity production). Value-production is certainly conditioned by other factors, ranging from capitalist circulation through to the weather. These are analytically derivative and secondary in practice, and they should be examined for their impact upon the accumulation of capital and the concrete forms through which it materialises and is affected. If this means undue priority to production, we plead guilty (although not to the charge that ‘realisation processes are not discussed in any detail’).<sup>11</sup>

In contrast, Kincaid argues that value is not created in production alone. For him, ‘Unless commodities are transformed into money, the labour expended into making them has created no value’.<sup>12</sup> Lest this be considered an isolated, accidental or ambiguous view on the source of value, Kincaid asserts that, ‘it makes no sense to ask whether value is created in the production or the circulation phase of capital reproduction’.<sup>13</sup> Further, we are told that,

[b]oth use-values and abstract value are created during the phase of production. But which of these use values are to count as value, *and for how much value*, depends on processes of social validation which take effect during the exchange phases of the circuit of capital.<sup>14</sup>

10. Kincaid 2007, p. 139.

11. Kincaid 2007, p. 145, footnote 20. See, for example, Fine and Saad-Filho 2004, Chapters 5 and 7, and Saad-Filho 2002, Chapters 4 and 5.

12. Kincaid 2007, p. 145.

13. Kincaid 2007, p. 142.

14. Kincaid 2007, p. 144

This position on value lies at the core of difference between Kincaid and ourselves, as is apparent from the following critical observations. First, it is ironic that Kincaid should reject underconsumptionism for it at least accepts that (surplus-) value is created in production but is constrained from being realised in exchange (a logical and practical possibility, as demonstrated by Marx's schema of reproduction, but not a necessity). By contrast, Kincaid suggests that (surplus-) value has not even been produced if it fails to be realised! He claims that

until realisation takes place as commodities are transformed into money it is not clear which firms have produced value and in what amounts... Unless commodities are transformed into money, the labour expended into making them has created no value. Until the point of realisation by sale, value has no more than a virtual quality.<sup>15</sup>

This is unadulterated value-form theory, and it is also plain wrong.<sup>16</sup>

Despite his protestations to the contrary, much of Kincaid's discussion of exchange, money and circulation does have an underconsumptionist flavour. This is true of his partially exchange-based definition of value. And it emerges in his claim that 'profits depend not just on surplus-value extraction (as productivist doctrine tends to argue) but on adequate levels of effective market demand to ensure the realisation of value by the conversion of commodities into money'. This is little more than a tautology inspired by Keynesianism – realisation of value depends upon effective demand but with no account of how effective demand is determined. And, in passing, Kincaid seems to accept inconsistently that (surplus-) value may be extracted (created) but not realised (and not thereby created for lack of 'social validation'), which is destructive for a theory of exploitation under capitalism.

Second, then, this does not allow for crises to be interpreted as the short and sharp *destruction* of value as such crises would, for him, represent a failure to have created that value in the first place. However, for Marx, this is very different from a situation in which an isolated individual commodity producer fails to produce a socially desired use-value for whatever reason – precisely the focus of Kincaid's attention (and that of value-form theory).

Third, Kincaid's wish both to accept the significance of production and to allow value to be created in exchange is an obstacle to further progress of the Marxist project for political economy of examining how forces and relations

15. Kincaid 2007, p. 145.

16. For a detailed refutation of this approach, on the grounds of both internal inconsistency and inconsistency with Marx, see Saad-Filho 2002, Chapter 2.

of capitalist production are both realised through and affected by exchange. We are unable to read his preferred text of Marxist political economy,<sup>17</sup> but he has to accept that it is disappointing when it comes to ‘the account it offers of the market and non-market processes which influence the rate of profit’.<sup>18</sup> And Kincaid himself concludes that as far as he is concerned for the analysis of contemporary capitalism, ‘I concede that such a value theory is still very much of a site under construction’.<sup>19</sup> In our view, that is how it will always remain, since Kincaid’s value-form approach will always hop between the two spheres of production and exchange and seek to hold them together through the deployment of Hegelian incantations where necessary, rather than constructing one out of the other. This is only too evident in his treatment of an exchange-rate devaluation, itself taken as an unexplained ‘hit’ with the effect that values are suddenly less in some countries and more in others. Currency movements are seen to determine values rather than vice-versa (albeit through a complex chain of causation from conditions of production to conditions of international exchange that Kincaid has simply bypassed). If the US dollar devalues by ten per cent, does this mean ten per cent of the value of commodities produced in the US has been wiped out as Kincaid suggests or, in our view, that value has been redistributed?

Fourth, as in this instance and more generally, it is ironic again that Kincaid’s understanding of value should both incorporate a determining influence of exchange in its creation and be accompanied by a discourse on the dialectics around essence and appearance. For the idea of failure to ratify value as a result of failure to sell is the precise position not only of the vast majority of capitalists, but also of bourgeois political economy, with neoliberalism as its most perfect expression. Value is what you command on the market, a methodological and theoretical stance with which Marx was determined to break in his critique of classical political economy.<sup>20</sup>

Fifth, Kincaid’s insistence on the importance of exchange for the creation of value is overtly inspired by the work of I.I. Rubin. Rubin’s writings were rediscovered by Marxists in the early seventies as part of their reaction against the excesses of neo-Ricardianism. Unfortunately, in some cases, this reaction went too far, partly because Rubin’s writings tend to be pitched at an excessively high level of abstraction which emphasises the commodity features of capitalism

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17. Heinrich 2004.

18. Kincaid 2007, p. 157, footnote 49.

19. Kincaid 2007, p. 158. With his favoured Rosdolsky also not having got too far on this particular site.

20. For an explicit account of the inversion of essence and appearance in debate over falling profitability, see Fine 1982.

(for example, decentralisation at the point of production) at the expense of specifically capitalist relations of production, especially wage-labour.<sup>21</sup> This emphasis leads Rubin to affirm that labour becomes social through exchange, rather than through its subsumption by capitalist relations. For example, he claims that

the labor of every commodity producer becomes social only because his product is equalized with the products of all other producers.... [A]bstract labor... [is] labor which was made equal through the all round equation of all the products of labor, but the equation of all the products of labor is not possible except through the assimilation of each one of them with a universal equivalent.... [The] equalization of labor may take place, but only mentally and in anticipation, in the process of direct production, *before* the act of exchange. But in reality, it takes place through the act of exchange, through the equalization (even though it is mentally anticipated) of the product of the given labor with a definite sum of money.<sup>22</sup>

In this approach to value, money is critically important as measure and substance of value, while the social relations of production which distinguish capitalism from other modes of production are veiled by exchange (sale). This is *precisely* Kincaid's mistake and, in this sense, his interpretation belongs within the Rubin tradition even though he claims to be attempting to explain 'the highly financialised capitalism of today'.<sup>23</sup> It is impossible to do so through the contemplation of exchange: Marxists have always known that the edifice of financial speculation rests upon processes of extraction and realisation of (surplus-) value, which generate the resources that are continuously needed to fulfill the commitments of debtors and speculators, reward the brokers, and pay dividends to the shareholders. These are transfers of value created in *production* – establishment of this claim is the primary objective of Volume 1 of *Capital*, and our books mirror Marx's own emphasis on the real (and, therefore, analytical) primacy of production.

These comments indicate the extent to which Kincaid's own approach diverges from our own (and, dare we say it, Marx's). But Kincaid's contribution is marred, over and beyond this, by a blatant misreading of our work that is incomprehensible unless possibly a result of force-fitting our contributions into an invented 'productivist' frame wherever possible and ignoring them otherwise. This is most obvious in his account of our treatment of the falling rate of profit. He suggests that our view is little more than that the organic

21. For a detailed review, see Saad-Filho 2002, Chapter 2.

22. Rubin 1975, pp. 96–7, 142.

23. Kincaid 2007, p. 146.

composition of capital rises as a result of capitalist accumulation, and this depresses the rate of profit as it is a law of production as opposed to being attached to exchange. Such an account is to be found in a single paragraph in our book.<sup>24</sup> But it is immediately followed by the bald statement in the next paragraph that '[h]owever, this interpretation is incorrect',<sup>25</sup> and a totally different interpretation is offered with the following elements. First, the law is not an empirical law (making predictions about the rate of profit) but is concerned with the tensions created within production and between it and exchange during the course of capital accumulation. Second, whilst the law and its counteracting tendencies are at different levels of abstraction (with the counteracting tendencies addressing the consequences through exchange of the accumulation of capital in production), they are of equal causal significance, so it is not a matter of one predominating over the other but of how the tendency and the counter-tendencies interact with one another to give rise to more complex and concrete outcomes (including crises). Third, this interpretation of the law is shown to be consistent with Marx's treatment of a range of issues across *Capital*, each of which has usually been seen as controversial but separate from the others. These include the so-called transformation problem and the theory of rent. What they share in common is a particular understanding of the composition of capital in Marx, to which we now turn, as it is extensively addressed by Kincaid himself.

Kincaid criticises our emphasis on the importance of the composition of capital for the explanation of accumulation, the transformation of values into prices, the law of the tendency of the rate of profit to fall and the theory of rent, and our distinction between the organic and value compositions of capital (OCC and VCC). These are sweeping claims, but they are not supported adequately. For example, Kincaid never explains why our emphasis on the composition of capital is misplaced. Instead, he immediately drifts into a conceptual argument about the OCC and the VCC, while ignoring completely their relationship with the technical composition (TCC). Kincaid's claim that our treatment of the composition of capital is unsatisfactory deserves a more detailed answer than can be offered here. However, two issues should be clarified: the measurement of the TCC, OCC and VCC; and the significance of the distinction between the compositions of capital for Marxian analysis.

The TCC is the ratio between the mass of material inputs and the living labour necessary to transform them into the output. This concept is essential

24. Fine and Saad-Filho 2004, p. 111.

25. Kincaid's interpretation of us as 'productivist' is indistinguishable from our own critique of what was termed 'fundamentalist' in Fine and Harris 1976. From this and other relevant work over the intervening period, it is incomprehensible that our approach could be so designated.

for the definition of labour productivity and, therefore, for studies of technical change and accumulation. Since the TCC is the ratio between a heterogeneous bundle of use-values and concrete labour, it cannot be measured directly. However, Marx explains that it can be assessed through the OCC, or the value of the means of production (including depreciating fixed capital and circulating constant capital) that absorb one hour of living labour (whether paid or unpaid) in a given firm, industry or economy. Although the OCC is intuitively clear, it can differ across sectors or change over time for two reasons: differences or changes in the TCC (for example, differences or changes in the labour productivity in *this* industry), or differences or changes in the value of the means of production used up (that reflect the circumstances in *other* industries). In spite of this, for Marx, there was no ambiguity. The OCC is a value-reflex of the TCC, and it does *not* change if the TCC is held constant, whatever happens to the value of the elements of capital.<sup>26</sup> In order to distinguish clearly between different technologies and the use of inputs with distinct values, Marx introduces the VCC, or the ratio between the value of the circulating part of the constant capital (including the depreciation of fixed capital) and the variable capital (paid labour) necessary to produce the output (c/v).

A static contrast between the OCC and the VCC is useful to distinguish between technical and value differences across production processes. For example, if two firms use identical technologies to produce different products using inputs with distinct value (for example, copper and silver jewellery), their TCCs – and, therefore, OCCs – are identical. However, their VCCs are different (in this case, because silver is more expensive than copper). In other words, value differences between the constant and variable capital consumed in distinct industries are captured by the VCC but not the OCC. In contrast, differences in the technologies of production affect the OCC but they may not be accurately reflected by the VCC.

Having cleared the conceptual ground, we can examine the process of accumulation of capital. Technical change is usually introduced in individual firms, which raises their TCCs and, consequently, their OCCs and VCCs (although the three compositions change simultaneously in real time, in logical terms the TCC changes first, and this shift is reflected by the OCC and,

26. '[I]f one assumes that the organic composition of capitals is given and likewise the differences which arise from the differences in their organic composition, then the value ratio can change although the technological composition remains the same.... The organic changes and those brought about by changes of value can have a similar effect on the rate of profit in certain circumstances. They differ however in the following way. If the latter are not due simply to fluctuations of market prices and are therefore not temporary, they are invariably caused by an organic change in the spheres that provide the elements of constant or of variable capital.' (Marx 1991, pp. 383–6.)

subsequently, the VCC). For capital in general, its TCC and OCC tend to rise with technical progress and, all else constant, commodity values tend to fall. However, because of the conflicting forces of competition, including mechanisation and declining commodity values, the VCC of capital in general can either rise or fall through time. The outcome depends upon the sectors affected by technical change, the speed of the diffusion of innovations, the structure of the systems of provision of commodities, and so on. However, in general the values at the beginning of the circuit ('earlier values'), at which the inputs are purchased, are higher than those at which the output is sold ('later values'). Marx argues that the OCC reflects the TCC at the *initial* (higher) values of the component parts of capital, *before* the new technologies affect the value of the output, in which case the social OCC rises in tandem with the social TCC. In contrast, the VCC reflects the TCC at the *final* (lower) value of the elements of constant and variable capital, determined by the modified conditions of production and newly established in exchange.<sup>27</sup> In other words, the OCC is measured at the time of production, while the VCC is determined in exchange and calculated on the basis of the values newly established by the currently predominant technologies. It was in this context that Marx examined the law of the tendency of the rate of profit to fall.

The distinction between TCC, OCC and VCC helps to illuminate the potential implications of accumulation. Technical change raises the TCC, the OCC and total input values (because the output increases). However, the VCC, unit-output values and future input prices tend to fall. How the actual process of adjustment happens – especially for large blocks of fixed capital – is crucial, because the sudden devaluation of large masses of capital can lead to financial upheaval and crises. Marx's analysis does not impose immediate or necessary outcomes, but it indicates that the process of accumulation synthesises the contradictions of capital both in production and exchange, and it offers the conceptual tools for the analysis of concrete processes of accumulation and crisis.

Related to the previous point, Kincaid also charges us for neglecting fixed capital and turnover time. His view is that the latter has been decreased considerably recently, and this serves as a counteracting tendency to the falling rate of profit. Our neglect of fixed capital is entirely due to space constraints (and, as part of constant capital, dependent on account of the latter as logically prior). Our approach conforms to that offered by Weeks (and known of before its publication).<sup>28</sup> We do not disagree with Kincaid but he is too one-sided in his treatment. Whether turnover time on average is increasing or decreasing is

27. Saad-Filho 2002, Chapter 6.

28. Weeks 1981.

an empirical question. But what are the forces underpinning these outcomes? Kincaid offers nothing other than a technologically-driven reduction to the benefit of profitability.<sup>29</sup>

The circulation of fixed capital across a number of production periods is contradictory and not determined exclusively by technology (not least in a crisis when failure of effective demand brings circulation in some areas of the economy to a halt). For example, and at a relatively abstract level, there are two forces acting upon fixed capital: one is to circulate it as quickly as possible to accrue value prior to obsolescence or crisis; the other is to extend its life indefinitely in order that surplus-value can continue to accrue despite its own value already having been replaced through passage through sufficient production periods. This is nothing other than the contradiction between value and use-value, respectively, attached to the specificity of fixed capital and its circulation and reproduction. The outcome of these tensions is not technologically determined but is dependent upon the rhythm of accumulation and competition. This can only be investigated empirically but it cannot be reduced to a property of fixed capital alone.

In a sense, this is a specific application of the law of the tendency of the rate of profit to fall,<sup>30</sup> and of its counteracting tendencies (one of which is for large masses of fixed capital to earn a lower rate of profit – not to maintain the rate of profit elsewhere as such but to sustain the accumulation of capital as a whole). The tendency to an increasing use and faster turnover time of fixed capital is part and parcel of the rising organic composition of capital, OCC.<sup>31</sup>

Despite this treatment of the composition of capital, in which the VCC is the competitive form of realisation of the OCC, reflecting competitive accumulation between capitals, Kincaid suggests we treat competition as secondary and are

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29. Although, of course, interpreted in these terms, Brenner's overhang hypothesis is the opposite, with low investment and prolonged turnover time mutually conditioning low productivity and profitability.

30. For a discussion see Fine 1991.

31. In his appendix, Kincaid claims that we measure constant and variable capital in labour-time rather than money (we do not; see, for example Fine and Saad-Filho 2004, pp. 104, 107), and that we 'seem' to get the definitions of constant capital and rate of profit wrong by ignoring fixed capital (we do not; see Fine and Saad-Filho 2004, p. 138). These points aside, Kincaid does himself get the definition of profit rate quite wrong by insisting that it should include the entire stock of fixed capital as capital advanced, rather than that this should reduce with the value of fixed capital transfers to the output. For, should a capitalist advance £1m in fixed capital, which depreciates uniformly over ten years, then the £1m will have been returned in its entirety by the end of the decade, one-tenth in each year circulating as constant capital. The average advance will only have been half a million. Of course, the discussion here highlights the tensions involved in this circulation and piecemeal return of fixed capital and that these are focused on turnover time.

weak on it. At one level, this involves him in being inconsistent since he specifically highlights the contribution of *The Value of Marx* for distinguishing homogenisation, normalisation and synchronisation of value even though these are explicitly concerned with how competition within and between sectors is essential to the formation of values.

Kincaid's own take on competition is through appeal to the 'law of value', as if invoking this law is a substitute for theory, or a frame in and of itself for incorporating more complex economic moments on an unsystematic (or circulationist) basis. In our view, the law of value concerns rooting more complex outcomes in value relations. In this respect, it is ironic that Kincaid should deplore our neglect of restructuring and crisis. Fine's work from the 1970s onwards focused on the competitive, nation-state-driven internationalisation of capital (and the British economy); Fine and Harris<sup>32</sup> brought the idea of such restructuring to the fore in the literature, and the work a significant impetus, not an adjunct, to simultaneous theoretical work of which Marx's '*Capital*' (and *The Value of Marx*) is a part. Significantly, Kincaid's own text offers no mention of the state, monopoly and world economy in his own account of competition, the latter a pre-condition for world money that he would himself take as a logically prior starting point for an account of value!

Despite these differences, we are grateful to Kincaid for his constructive engagement with our books. Despite our significant disagreements, explained above, we admire Kincaid's commitment to value theory, and welcome the opportunity to revisit and explain in further detail our argument in *Historical Materialism*. We share Kincaid's interest in the development of a Marxian value theory that engages with contemporary capitalism, and our books have offered avenues for doing so.

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