Kevin Carson
The More Things Change…
April 5, 2006

Retrieved on 4th September 2021 from mutualist.blogspot.com

usa.anarchistlibraries.net

The More Things Change…

Kevin Carson

April 5, 2006

The epigraph to my book is a quote from Bohm-Bawerk’s *Capital and Interest*:

> I have criticized the law of Labour Value with all the severity that a doctrine so utterly false seemed to me to deserve. It may be that my criticism also is open to many objections. But one thing at any rate seems to me certain: earnest writers concerned to find out the truth will not in future venture to content themselves with asserting the law of value as has been hitherto done.
>
> In future any one who thinks that he can maintain this law will first of all be obliged to supply what his predecessors have omitted–a proof that can be taken seriously. Not quotations from authorities; not protesting and dogmatising phrases; but a proof that earnestly and conscientiously goes into the essence of the matter. On such a basis no one will be more ready and willing to continue the discussion than myself.

He criticized Rodbertus in particular for being "content on almost every occasion to assert… in the tone of an axiom," the proposition that labor creates exchange value–justifying it in every case by an appeal to the authority of Smith and Ricardo.

I wrote my book as an attempt, in good faith, to meet Bohm-Bawerk's challenge. Now, in following libertarian discussions of my book since it came out, I've had occasion to observe more than once that the shoe is on the other foot.

Criticism of my book is a mixed bag. Some critical reviews, like those of Robert Murphy and Roderick Long, have been quite thoughtful. It's obvious, from looking at their reviews, that they read the book carefully. Although they disagreed with many of the ideas in the book, they were directly engaged with them and actually used their own critical thought processes in responding to them.

But the majority of criticisms I've seen, especially of my attempt to rehabilitate the labor theory of value in Part One, have the same failings that Bohm-Bawerk observed a century ago in proponents of the labor theory. As typical examples, take this comment from the Mises Blog announcement of the symposium issue of JLS:

> The economic value of a good or service is what someone thinks it is (people often put different values on the the same object). This is true BY DEFINITION (it is not a matter that needs to be "proved").
>
> The price a person offers for a good will be less than or equal to the value they place upon it.
>
> The "cost of production" (labour cost or other costs) does not determine economic value — it has nothing to do with economic value.
>
> If the costs of production are greater than the value that any potential buyer places on a good that just

> means that the producer will either have to sell at a loss or not sell at all.
>
> Why waste a long article dealing with the labour theory of value?
>
> One might as well write a careful refutation of the "four elements" (Earth, Fire, Water, Air) theory of the physical world.
>
> –Paul Marks

Or this one:

> Carson[‘s] entire framework is built on a foundation disproven a long time ago. The labor theory of value is obselete. There's no 'recasting'. He's trying to fit a square peg into a round hole. Seriously, it's time to move on to realistic foundations, like, say, the subjective theory of value. I can't believe people are actually debating stuff like this… –Steve

Or this comment under Roderick Long's post, also by Paul Marks:

> The site appears to be developing an obsession with Dr [sic] Carson.
>
> That the economic value of a good or service is a matter of what people think it is (i.e. is not a matter of the cost of production) is true by DEFINITION (it is not a matter of proving it).
>
> Different people put different values on the same good — and the prices they offer for it will be less than or equal to the value they place upon it (unless they are offering a higher price as a way of giving the seller money — as hidden charity).

> If this is less than the cost of production (not just labour costs) the seller has the choice of selling at a loss or not selling.
>
> As for lending out money for people to build factories.
>
> Lending (for any purpose) must be from real savings (i.e. income people have chosen not to consume).
>
> Trying to finance borrowing by printing money (or book keeping tricks) in order to "reduce interest rates", sets in motion a boom-bust cycle.
>
> In short both the "labour theory of value" and the credit expansion way of getting rid of "monopoly capitalists" are nonsense.
>
> I know we are supposed to be polite on this site.
>
> But, as I have written before, I am irritated (to put it mildly) that people can earn a living [!] by writing nonsense and other people waste time writing formal examinations of this nonsense.
>
> Some of us do not have such an easy time in life. –Paul Marks

Many of the criticisms in the reviews of Walter Block and George Reisman also fall into this category. As I wrote in my rejoinder article,

> …Block's response to most of my criticisms of the Austrians amounts to little more than talking past them, and reasserting some dictum of Böhm-Bawerk or Mises that "everybody knows," without ever directly addressing my counterarguments.

Such critics appeal to the authority of Bohm-Bawerk and Mises in the same way a medieval scholastic might appeal to over my suggestion that state subsidies to transportation might (surprise, surprise, surprise!) promote consumption of transportation services at above Pareto-optimal or free market levels. As I understand Person's argument (if you can call it that), 1) bigness is inherently more efficient, 2) cheap transportation makes bigness possible, and therefore 3) saying that a free market would have less transportation consumption and less centralization is tantamount to saying we'd be worse off under a free market. Now, it seems to me that if the spurious "efficiencies" of large size and centralization only appear when part of the total cost package is shifted or concealed, we're not really "better off" now. We'd be better off, and more efficient, if all the costs showed up on the ledger. But Keith's attempts at reasoning with this fellow availed little. Are you really surprised?

There's one area in which I have to stand up in defense of my critics. Keith Preston objects to Robert Murphy's focus on Part One of the book, on value theory, at the expense of Part Two (on the historical development of state capitalism). I have to say, in Murphy's defense, that I originally intended Part One as the theoretical core, and Part Two as a historical application of those principles. So the material on value theory is really the heart of the book. That's not to say the historical material can't be read by itself, if economics puts you to sleep. But value theory is what I had in mind when I set out to research the book, and the historical material was taken up almost as an afterthought.

Aristotle: "Bohm-Bawerk said it, I believe it, that settles it." Or as Keith Preston put it in one of the comment threads,

> Some of Block's other comments remind me of something a Bible-banger might say: "It's in the Word of Mises! I believe! Praise Rothbard! Amen!"

They smugly assert that the subjectivists or marginalists "disproved" the labor theory of value, with only the vaguest idea either what labor and cost of production theories of value actually entail, or exactly where the subjectivists differ from them. They repeat second-hand criticisms of the labor theory borrowed from Austrian polemicists, while showing little evidence of having actually read either Ricardo and Marx or the Austrians. They repeat, as devastating criticisms of cost of production theories, strawman arguments about mud pies, sunk costs, and irreproducible goods, totally unawarene that the classical political economists and the Marxists specifically addressed all those issues and that the labor theory of value was intended to apply only to the equilibrium price of reproducible goods.

Worst of all, they discuss the LTV as though it made embodied labor the basis of some *intrinsic value* in a good. In fact, the LTV and other production cost theories of value simply assert that the price of reproducible goods gravitates toward a "normal" equilibrium value determined by cost of production (which is nowhere directly refuted by the subjectivists, since their claim to have replaced cost with utility as the basis of value is based on a very specialized and artificial understanding of those terms, and not on their meanings in ordinary usage).

In other words, such critics resort to "quotations from authorities" and "dogmatising phrases." Like James Taggart, their minds are so clouded by what "everybody knows" that they've lost the ability to think.

A couple of commenters (both of whom have my humble thanks) took Marks to task for his lame comments on the labor theory. In the comment thread to Long's post, Joshua Holmes wrote:

> Marks, you need to read Carson's book before you talk any more about what you think the labour theory of value is. Hell, you need to read the blog post to which you're responding. Prof. Long says:
>
> *Carson defends the labor theory of value, but in a* ***subjectivized*** *form, holding that the price of a good tends to correspond to the subjective disutility of the labor needed to produce it…* (emphasis his)

And Geoffrey Allan Plauche cited

> the argument Mill made that full understanding of one's own position can't be had without confrontation with the differing views of others…complacency, dogmatism, and rote memorization are the likely results otherwise.

Hmmm… Like the kind Bohm-Bawerk referred to above, maybe? In other words, Marks, *read the damn material* before you comment on what it says! Unless actually knowing *what the hell you're talking about* before you shoot your mouth off is one of those "luxuries" that you can't afford.

Marks, incidentally, also felt qualified to "refute" my views on interest, although it's patently obvious he didn't actually read my remarks on that subject, either:

> As for banking — as is pointed out by Dr Reisman (and, as he reminds us, by many other people over the last few centuries). One can not lend out money that one has not got (without creating a boom-bust cycle).
>
> "I want to build a factory, but I have not get the money and no one will give me an interest free loan".
>
> Dr Carson's "monopoly profits of the capitalist".
>
> Do we really need a formal article to show that Dr Carson is in error?
>
> Have the population become so brain-dead that they can not see that "unless everone gets interest free loans whenever they want to build a factory, factory owners are getting moneopoly profits" is nonsense?

Let's see… 1) The first section of my rejoinder, on the Rothbard article, specifically denies the claim that mutual banking is an inflationary scheme. In fact, the mutualist argument against banking entry barriers directly parallels Rothbard's argument against such entry barriers in the life insurance industry. 2) A mutual bank that issues notes against a member's property isn't "lending" money any more than a commercial bank that makes a secured loan under the present system. The only difference is that, under the present system, the state's entry barriers enable the capitalist bank to charge a monopoly price for the service. 3) The objection isn't that "no one will give me an interest free loan," but that the state restricts competition in the supply of credit and thus makes it artificially scarce and expensive. "I never actually read anything Dr Carson wrote–but I did stay in a Holiday Inn Express once!"

The comment threads under the two posts at Mises Blog are worth reading for other reasons. Several people, including Richard Garner, have some kind words to say about Yours Truly. And Keith Preston ably jumps into the ring over the historical nature of state capitalism, and the neo-fascist nature of the present economy. In particular, "Person" got all exercised