

[CN] Fuqiang Zhu

Contact Information

Address: Lingnan College, Zhongshan University, Guangzhou,
ZIP code :510275

Tel: (020) 84111007 , 13539936545 ;

Email: zhufq@mail.sysu.edu.cn

Developing the Labor Theory of Value, Tamping the Academic Foundation of Green-GDP

[CN] Fuqiang Zhu

Abstract: By combing out the historical disputation between devoted labor and dominant labor, this paper differentiates the signification between used labors and coagulated labor. Especially, by introducing two new concepts efficacious labor and efficacious-labor time, this paper excavate the esse of labor that create value. According to this, the paper bring out some others concept such as negative value and negative labor, and make a whole weight for labor value. Thus, the paper tamping the theoretical foundation for green-GDP based the labor theory of value.

Keywords: Labor value Devoted labor Efficacious labor Negative labor Green-GDP

During the past few years, more and more advisable person realize the significance of to evaluating the GDP all-around , they thought that to make GDP to measure the development of a society , we should consider the effect the growth of economy having on the environment , thus, a new NOUN arises in the academic ---Green GDP. The green GDP can traceable to the direct feeling of those works hard in the society, but we do not have an theoretic foundation in the academic so far until now , the concept and the implication of green GDP have not penetrated into the theoretical analysis. In fact, GDP itself is to weight the labor products, while considering the environmental pollution brought out by the working process which is emphasized in the green GDP is to weight the effect that labor puts on value creation. Therefore we can establish the theory foundation of green-GDP embark from the labor theory.

There are lots of arguments and discussions about the nature of labor, but they seldom come down to the effect made by labor when creating value. If we observe the vicissitude of the human labor type in an open and developing way; consider the labor investment through the angle of the rising human demand .then, we may find the true labor factors contributing to the value creation. Thus, this paper tamps the theoretical foundation for green-GDP based on the labor theory of value.

I. The Historical Disputation Between Devoted Labor and Dominant Labor

The disputation about the labor assessment of the value begins when Adam Smith established the base for the theory of value of the Classical economic; because he made at least two types of labors as the measure of the value of the products. On the one hand, he put emphasis on "labor is the true measure of the exchange value of the whole shoot goods", and he thought that the value should be decided by the labor used or by the cost of the labor ; on the other hand, the labor that deciding the value was looked as dominate labor, that the exchanged value of the goods should be decided by the amount of labor it dominates in the market, He said, that one is rich or poor depends on the degree how he enjoys the necessities, convenience goods and the recreation. However, since the establishment of the labor division, only a very small portion of the necessities for a person comes from his own work, while the big portion comes from the others. In a word, whether he is rich or poor depend upon how much labor he can dominate, that's to say, how much labor he can purchase. Therefore we use money or goods to exchange for other goods are in fact a use of our labor, we get goods just as we produce it ourselves.

Since then, the economy field has been divided into two genres according to the misunderstanding of Smith. David Richardo accepted and developed Smith's opinion that the consumed labor decides the value on the basis of the analysis and the criticism on Smith's theory. He criticizes the theory that the value of the goods is depends on the amount of labor it can dominate and emphasize that the value of goods depend on the amount of labor been used whiling producing it and irrelevance to the wage of labor. In order to break away from the influence on the value made by the salary or some other factors whiling showing the increase or decrease of the exchange value and the fortune, David Richardo put forward to a theory about the determiners of comparative exchange value, trying to explore an unchangeable measure or a standard to measure what the real, the natural, or absolute value stand for, while the value is decided by the amount of labor used in a strict sense.

However, there are two puzzles in the Li's labor value system: the exchange between labor and capital cannot consistent with the law of equal exchange , the equate capital get the equate profit cannot consistent with the law of value. On this basis, Malthus hold the idea that the labor used in the production of the products can not illuminate the changes of lots of commodity's exchange, and he deemed that only the labor the goods dominate can be the standard measure of the good's value. Therefore, Malthus accepted Smith's idea that dominated labor decides the value, and held the idea that the labor which can be purchased by the products equals the commodity production cost. That's to say, the amount of the labor in the process of exchange is not the same, and the interest is then resulted from the

unequal exchange.

In another sense, the difference between the input labor value and the governable value reflects the different degree the input labor was accepted by the society, for a strictly amount speaking, the labor put into the products is not necessarily less than that in the exchanged products. In fact, on the one hand, in a society which has division of labor, the labor input the major products he produces in any field is generally less than that in the exchanged products, but for the unprofessional, the labor input the products they produces is more than that in the exchanged product, this refers to a transforming problem from the input labor to the appearance of the dominated labor.

II. The twofold view of labor consume and labor coagulate

Marx accepted the point of view that the labor input decides the value, but Marx emphasize in the abstract homogeneity labor, so he can get rid of the problem when transforming the input labor into the dominated labor; at the same time, Marx insisted on the law of equal exchange. However, when we consider to the heterogeneity labor, the traditional theory is not enough, even though the labor force and produce price is introduced in, Marx still couldn't settle the problem.

In fact, J.Locke, the forerunner of the labor value theory, have pointed out that to weight the value of a good exactly, people need to consider the proportion of its quantity to its market. Afterward, Sismondi developed Smith's theory, he thought in the isolation world, people satisfy themselves by they own work and that decides the production; but in the exchange economy, people need exchange to satisfy themselves. Sismondi also pointed out that in the exchange economy goods is measured by the exchange value, people count the labor they spent in their goods and compare it with other's goods and then decide whether to exchange or not; but not any kind of labor consumed can create value, only the ones been accepted by the society and satisfy demands can create value. That is to say, in a system, when we analyze the effect of labor on value, we must consider the factors that influence the input labor transfer into the dominate labor; and here we introduce in two basic concepts: consumer labor and coagulate labor.

Marx defined the value as the labor which is coagulated in the products; therefore, we think that the coagulated labor is admitted by the society. Then it also stands for the dominated labor. Obviously, there is a critical problem: what kind of labor decides the value on earth? The total labor put into the production of the commodities or the labor which makes an effect to create value? Actually, if we can not tell the difference between these two labors' effect on the value creation, we shall not understand the inner relationship between the two kinds of performances of the Marx's traditional labor value theory. The

traditional socialists are prone to the idea that the amount of the labor put into the production of the commodities decides the value. In another word, we comprehend the labor value theory that the value is decided by the input labor. This is in fact in accordance with the classical political economists' opinions who is even early than Marx.

In face, the labor under dynamical is only the spring of value, they are not totally absorbed, so they do not all create value. Marx once definitely pointed out that the labor under flowing is coming to be the value, but they are not value per se, only they been coagulated in a materialize form can they become value.

Obviously, Marx has noticed a fact that "the value created in a unit time is actually changeable." at an early time. That is to say, Marx put more emphasis on the real effect of the coagulated labor, for his definition is just like this. Therefore, Marx said that the value is the coagulations of the labor time, or the materialized labor. This is decisive to the reorganization of the value itself. However, he was so immoderate insisted of G.W.Hegel's analysis opinion from simple to the complicated that he abstract zed and simplexes the labor. What's more, he had mistaken the special simple labor as the general social labor so that he is indulged in a puzzle that the origin of the value is the input labor or the coagulated labor. While the following scholars generally inherited the consumed labor considering to the measure of the labor value. In addition, for this kind of simple analysis, "Marx assumed the consistence of the supply and the requirements in the commodity exchange when he began to analyze the value." (Yan Zhijie , 2001 , 25) In this way, Marx confused the input labor with the effective labor in the analysis. As a matter of fact, if the contribution made by a certain producer is recognized as the labor he put into, and then, there must be an assumption: When the contribution made by an enterprise is measured, can it be replaced by the cost input by the enterprise? Generally speaking, we must measure it by the profits or the output but there are no equivalences between the cost and the output. The cost of the enterprise amounts to the labor input in the value creation, while the output is the coagulated materialize labor. Obviously, there is a transferring process from the input labor to the coagulations and it reflects the problem related to the benefits of the value creation.

III .Effective Labor and Effective Labor Time: The Evaluation of Value

Based on the above discussed difference between labor consuming and labor congealing, we know that the value creation lies not in the quantity of labor consuming, but the labor congealing. That is to say, when we measure the quantity of value created by labor, we should be clear that how much of the labor devoted is efficient, for only the efficient

labor in fact composes the origin of value, just as was said by Sismondi (1989,69), all the objects produced get value only when they can serve the human's needs. In fact, Marx(1963,12~13) also ever pointed out that, using products' use value or the fact that product is a kind of use value to deliver the labor of usefulness, is called simply by us the useful labor. In the aspect of this viewpoint, we are always checking its useful effect. As a matter of fact, any object, without its usefulness, can't get value. If it is useless, then the labor contained in it is also useless, so should not be called effective labor and thus can't form value. It is clear that, Marx also thought that not all the labor can create value. Here we call the labor that creates value the effective labor, which equals to the labor congealed in quantity. But the labor congealed is actually materialized labor, while effective labor means active state of labor.

There's also two other accounts why we introduce the effective labor: first, we can analyze the market coordination of the labor in socialized production. If the producers who want to produce for market end up in producing some products that can't be sell out, then what is the value of his products and what is the value quantity of it? As complained by Khrushchev, the socialism enterprise "is not producing the nice pendant lamps for decorating house, but trying to make them as heavy as possible, which has become a kind of tradition. Because the heavier the pendant lamps are, the higher the profit of the entrepreneur are, since its production is computed on tons."(C. E. Lindblom, 1995, 99) In fact, as the realization of wealth, the objects of value should first fulfill people's needs. It is of no use if it is useless to people, no matter how much time and labor it costs. This shows the significance of coordination. No coordination or low-level coordination leads to the products unsuitable for people's need and the loss of value.

Second we can inspect the labor coordination problem in team work. The market's critical function lies in its coordination of the producing of all kinds of products through supply and demand, while enterprises coordinate people's labor in another way, with the level of coordination showing the level of value creation, in the same way, national plan is also a kind of mechanism coordinating people's labor. As a matter of fact, in the traditional high-centralized economic structure, coordination is conducted by central officials distant from market and needs. Thus any trifle ignorance can result in vital loss for the whole society. Lange ever gave an example: the national plan committee regulated how many rabbits should be hunted in the season of hunting, but the neglect of women buttons and hairpins made them can't be got in market. Meanwhile, there are always several sorts of products produced by enterprise with many sizes and standards, which means that the enterprise can reach the goal of the planner by neglecting some other goals. For instance, if the goal regulated is the tonnage of iron nail, the enterprise then tends to produce nails of large size. While if it is the number of the nails, it will produce those of small size. It is clear that under this coordination mechanism, the products produced are sometimes not suit

people's real need (For example, the nails are big and thick). In our eyes, it means the failure in coordination, therefore it can't create value.

Related to effective labor is the effective labor time, which means the time spent by people to actually create value. Effective labor is the substance of value creation while effective labor time is the unit by which value is weighed. Therefore we can realize the value quantity created by the devotion of labor through the concept of the effectiveness of labor. Also just in this aspect, we can analyze the logical shortage of Marx (Marx, 1963, 340), who thought that on value creation, large quantity is computed through multiplying the basic unit. Thus the value creation is of no difference whether the 1,200 persons produce separately or coordinate in producing through the arrangement of the capital. Clearly that on considering the effectiveness of labor coordination, 1,200 create more value through coordination than the sum of value by separations.

Furthermore, we can realize more clearly the unreasonability of distribution by labor time through the effectiveness of labor. Because it doesn't take into account the effectiveness of labor and converting people's labor time to effective labor time. In fact, it is common to share the same wage with the same work, which is only based on the fact that value creation is weighed by labor time, without considering the effectiveness. Moreover, the bigger the size of the enterprise, the more neglect of the difference in effectiveness. Related to this, we can reunderstand the salary relationship in the traditional plan mechanism: all the people are divided into several wage scales and the people with the same job share the same wage. Apparently it is not fair through the fact that it doesn't show the effectiveness of laborers of different jobs and posts. Just because of this, the traditional wage institution lacked in encouragement, making people with the same job learn from the people with the lowest effectiveness, who might gain advantage by trickery and playing off time, ending up the lowering of the social efficiency day by day.

Moreover, besides the dividing of effective and ineffective labor, there's another kind of labor which not only creates no value but also offsetting the value created by effective labor. For example, the original watcher's control activity is actually supervisory and pillage, which not only creates no value, but also prevents other people's value creation, who achieves the meaning of existence only by transferring the value created by productive labor to the entrepreneur (Cheng Enfu, Shi Xiquan & Zhu Fuqiag, 2001). Generally speaking, ineffective labor doesn't create value, which was realized by Marx in his Labor Value Theory. In fact, in the viewpoint of Marx, goods contain the contradiction of private value and social value. If goods can not be sell out thus the private value cannot be transferred to social value, then the private labor can not be recognized by society, such as waste and inferior products. Even the labor producing goods that meet the social needs originally can be ineffective and create no value if the production is too much, meaning the failure in social coordination. Thus L. Robbins (2000, 43~44) pointed out that, wealth itself is substantially a relative concept to human being's needs. Those objects that don't meet

needs aren't wealth, but the source of social waste, even though there are no changes in the objects themselves.

Apparently that ineffective labor means some labor not only creates no value, but prevents other labor's value creation, the simplest instance of which is spoiling other person's goods producing leading to the inferior products. Meanwhile, there are some activities that produce not only the useless products but also harmful ones, such as waste gas, waste water and dust. Therefore we can call the products produced by these negative labors the negative products, the general human being labor congealed in which the negative value, for it is difficult to explain it by the traditional value theory, but these products also congeal some quantity of labor. In fact, traditionally we accept only the value that can be recognized by society, namely the positive value, while there is a lot of human being labor here that is not accepted by society, the degree of whose congealing can also be weighed by value, opposite to the negative use value. Thus negative value is the corresponding point, such as the dust referred to above with negative value. As a matter of fact, W. Jevons (1984, 64) used discommodity very early to express the matter or behavior that goes against goods.

IV. Theoretical Foundation for Green-GDP Based on the Labor Theory of Value

On introducing the concept of negative value, we can measure better the human's labor for value creation as a whole. The whole quantity of value created by labor can be summarized by a simple equation: total value = positive value – negative value, with which we can weigh the real quantity of value created by a society. The theory bears significant practical meaning. Under its guidance, we should try our best to prevent the creation of negative value through the whole course of social development, for what a society actually needs for development is the increase of total value, only by which resource can be located properly and effectively. Therefore, concerning the value created by an enterprise, we should not only attach importance on its benefit, but also its social cost (negative value created), only on considering which we can measure really effectively an enterprise's performance and value. In fact, nowadays foreign accounting trades have come up with the new notion of "social responsibility accounting" and "environmental accounting (green accounting)", whose computation is to deduce the outer social cost produced by economic activities, its resource consumed, to compute the net positive effect of national economic growth.

In practical life, we usually use GDP to measure the wealth of a nation, namely, the value created by a society. However, the problem lays in that, in order to measure all-round the socially economic development, we need to calculate and deduce the value of environmental damage, under which we construct the theory of green-GDP. For example,

key iron enterprises in China consumed 40% more energy per ton compared with international level, while for electricity trade it is 30%.5 times more water and 3 times total is consumed per 10,000 Yuan GDP compared with international average level. Can we perceive that China really create so much value? Meanwhile, China spends massive labor time on producing such value. As a matter of fact, economic growth means increase of material products and service products produced in a certain period, thus the value increase should contain two aspects: quantity increase and quality improvement. Therefore, we should consider the cost input by production and the effectiveness of labor. Why China is perceived growing without development? The reason is the fact that we ignore the existence of negative value, considering natural and social resource as the free input. Someone thinks that the high-speed growth of China is exchanged by ecological deficit. It is evaluated that economic cost arising yearly from resource waste, environmental pollution and ecological damage is at least 4,000,000,000 Yuan. (Zhu Fuqiang, 2005).

Apparently, from the aspect of Effective Labor Theory of Value, natural resource embodies itself as a kind of shadow price, whose quantity equals to the quantity of added human materialized labor that is needed without the effect of natural power. Waste of natural resource itself is actually the course of negative value creation. Therefore, it is related to the sustainable development of human society, as is pointed by M. A. Lutz & K. Lux (2003, 345), there are two kinds of capital (wealth) feasible by human: capital granted by nature and capital created by human. However, the using of service stock offered by nature is only seen as income at present, not consuming. Meanwhile, some resource needs massive labor and time to reproduce, which means the negative value arising from the damage to natural resource is enormous. Thus it will limit human's development in the long run not to consider the labor impairing natural resource. L. Wittgenstein says you can never know the value of life without death; similarly, you can never know the value of the earth without living out of it. Although we can not realize the value of life through death and the value of the earth through living out of it, we can inquire into the condition and change of the earth yesterday to surmise its value, standing on the earth today. Just because we in a long period ignore the existence of negative labor and negative value, there comes the development predicament all over the world. More than 100 years ago, F. Engels (1995, 383) warned that: we should not be intoxicated with our victory against the nature. We are revenged by nature on every victory, and every time we indeed get the expected result at the beginning, however, totally different and unexpected affections occur later on and on, eliminating the original result.