During the recent years there has been a remarkable rejuvenation of debates on Marxist Value theory. This volume contributes to this trend. It contains eleven essays on a wide range of issues, but which can be grouped around two major themes: 1) a critique of the equilibrium methodology in economic analysis in general and in Value theory in particular and, 2) a novel approach to the so-called transformation problem, branded Temporary Single System (TSS) by its adherents. The first theme represents a broader aspect with contributions not necessarily espousing the TSS project. Papers like those of M.Naples and A.Saad-Filho belong to this area. The second theme extends the critique of the equilibrium methodology to a particular approach to the transformation of values to prices and is covered in the contributions of G.Carchedi, A.Freeman, P.Giussani, T.McGlone, W.de Haan, A.Kliman, A.Ramos and A.Rodriguez.

Of the two contributions not belonging to the TSS approach, Michelle Naple's essay focuses upon three main issues. The first issue is a well-documented critique of the equilibrium methodology of orthodox economics which is extended to the Sraffian Surplus School. However, the alternative route proposed appears neither complete nor sound. By introducing a peculiar reading of Althusser’s notion of overdetermination - which is popular in Amherstian attempts towards a «postmodern marxism» - the essential relations of determination between value and price almost disappear. It is argued that «a change in price can no longer be reduced in a linear fashion to an immediate essence... it could reflect an additional purely nominal change» (p.103). This is a truth that neither Marx nor Ricardo and Sraffa ignored. The subject of the transformation controversy is the relation between values and prices of production, not actual prices. Then Naples maintains that «the relationship between values and prices of production is mediated by
the phenomenon of nominal price» (p.103). This thesis is highly controversial since the classical understanding of Marx derives market values and market prices from values and prices of production at a lower level of abstraction. The Marxian dialectics - in contrast with Ricardo’s «violent abstractions» - theorise feedback relations between determining and determined elements but at clearly distinguished levels of abstraction. Naples’ second issue refers to Marx’s theory of money. Building upon her previous conception of disequilibrium and the relationship between values and prices of production, she argues that money is a sine qua non intermediary as a unit of account. Nominal changes (e.g. inflation) can arise because of this intermediation. Furthermore, for Naples conventional money-of-account rather than gold (i.e. commodity-money) was Marx’s unit of account (p.106). This is also a highly debatable proposition and Naples’ fails to provide convincing textual evidence. Especially the declaration that Marx, when discussing the value of money, only in one point explicitly refered to a commodity money (p.105) is, to say the least, extremely problematic. Finally, Naples’ last issue is a disequilibrium model, assuming circulating capital, constant labour productivity, no product innovation and simple reproduction (i.e. goods markets clear) but not a uniform rate of profit. Additionally, it assumes a Monetary Equivalent of Labour (MEL) The purpose of this model is not clear, since it attempts to construct a non-equilibrium snapshot of the economy by abstracting from productivity change and crisis tendencies and leaving as the main source of disequilibria price instability (p.112).

Alfredo Saad-Filho’s contribution is a thoughtful appraisal of the «New Solution» to the transformation problem (originating in Dumenil (1980, 1983) and Foley (1982)). Firstly, he provides an accurate and intuitive analysis of the transformation problem and the errors of the Sraffian approach. This is followed by a well-written exposition of the «New Solution». But the main contribution of the paper is the following critique of the «New Solution». Saad-Filho leaves aside the well-known problems of its net product perspective and concentrates upon «New Solution’s» two other pillars: the value of money and the value of labour-power. Although he praises the introduction of the concept of «value of money» - and its formalisation as the Monetary Expression of Labour (MEL - denoting the ratio of the price of the net product divided by the total hours worked) - Saad-Filho argues that it entails significant problems. The absence of explicit reference to the money commodity allows - contrary to Marx - for unequal exchange and leads to a circulation-based view of price (p.128). Additionally, the attempt to address the level of appearances from the start creates considerable methodological and analytical problems (p.128). It could further be said in this context that the «New Solution» explicitly rejects the commodity-derivation of money and assumes a credit-money state-generated exogenously and determined via a «black box» class-struggle (see Lapavitsas-
Mavroudeas (1997)). With regard to the «New Solution’s» definition of the value of labour-power, Saad-Filho accurately points out that it departs from Marx’s own definition and it leads to a circulation-based conception of the wage which is highly problematic since it undermines class-struggle in production (p.129-130). It could again be said at this point that the problems with «New Solution’s» definition of labour-power derive from its rejection of the commodity nature of labour-power (see Lapavitsas-Mavroudeas (1997)).

Concluding, if there is a drawback in Saad-Filho’s contribution, it is that he refuses to be drawn into a definitive assessment of the «New Solution» project and whether - taking into account its considerable problems - it does constitute a promising route for the further development of Value theory.

The second theme of the volume - the TSS axis - is represented in a well-organised array of essays. A.Freeman’s introductory essay advances a critique of Walrasian equilibrium methodology which is extended not only in the Sraffians but almost all previous Marxist understandings of Marx’s work. Carchedi’s paper - together with Freeman’s last chapter - analyse the TSS conception of the relation between values, prices of production, market values and market prices. The Carchedi-de Haan and Kliman-McGlone papers advance the TSS approach to the transformation problem. Of particular interest is the essay by Ramos and Rodriguez which provides a meticulous survey and discussion of Marxian textual evidence in favour of the TSS approach. The second paper by A.Kliman attacks, always from the premises of the TSS perspective, the Okishio theorem. Finally, P.Giussani proposes a reconstruction of supply and demand theory.

The declared aim of the TSS approach is to theorise values and prices not as separate systems - as in the traditional approach, influenced by Bortkiewicz and exemplified by the Sraffians, which is termed «dualistic» - but as a unified system operating in real time - as opposed, again, to the «dualist» static equilibrium. It begins with a thoroughgoing rejection of any notion of equilibrium, which goes beyond the successivist iterative solutions to the transformation problem (Shibata (1933), Shaikh (1973, 1977), Morishima-Catephores (1978) etc.). The iterative solutions conceive the transformation procedure as a succession in logical time converging, usually, on the Marxian price of production which represents a form of equilibrium. This is criticised as insufficient and erroneous since -among other shortcomings - the sequence of values and prices which lead to equilibrium do not model actual prices and values but rather a ‘hidden’ dimension behind actual prices; thus perpetuating the dichotomy into two separate worlds. Therefore, simplifying assumptions - such as equal rate of profit, invariant and uniform technology, no fixed capital, fixed turnover period, homogenous labour, equal rate of exploitation, constant value of money etc. (p.xvi) - should be
dropped. Additionally, the simultaneous equations framework should be discarded as a Walrasian deviation and be substituted by a multi-period framework.

The total rejection of equilibrium is coupled with a different theorisation of the essential - and definitional - relations between values, prices of production, market values and market prices. The TSS move further than non-dualistic attempts such as those of the so-called «overdeterminist» solution to the transformation problem (Wolff-Roberts-Callari (1982)). The latter question the classical understanding of the definitions of values, prices of production, market values and market prices but kept the simultaneous framework. The TSS substitutes the classical understanding of relations of determination between these concepts - i.e. values determining prices of production and then deriving, at lower levels of abstraction, market values and finally market prices - with a novel one. As Carchedi-de Haan (p.142) argues, values are expressed in market prices (actually realised values) and then the latter are transformed to prices of production (tendential values). Thus, prices of production are the result and not the cause of the transformation of values to market prices (p.xxvi).

The TSS agrees with the «New Solution» on two points. Firstly, both accept the concept of MEL. It is true, however, - and it has been pointed out by D.Foley (1997, p.27) - that the TSS lacks a coherent formulation of the MEL. Secondly, the TSS accepts «New Solution’s» definition of the value of labour-power as money advanced to pay the labourer. It, moreover, extends it to the value of the means of production which is understood as money advanced to purchase them (p.xi). In this sense, variable and constant capital are separated from the relevant commodity baskets and a recuperation of money in Marx’s analysis is purportedly achieved (p.xi). Money is introduced immediately and without any presuppositions as to the conditions of production and reproduction (p.xii).

On the basis of the above, the TSS approach maintains that it vindicates Marx’s own transformation procedure and that it replicates faithfully all his assumptions and results. Thus, the infamous accusation of internal inconsistency is allegedly refuted. The historical path of market prices (which do not reflect profit-rate equalising prices of production) is taken as given. Therefore, outlays for means of production and labour-power are also historically given simply as money advanced. Then «values» are defined as the money exchange ratios at which profits would be proportional to the variable capital advanced. Market prices can deviate from these values for many reasons (including the tendency of competition to equalise profit-rates). Whatever market prices predominate in a given period determine the values for the next period.

As said in the beginning, the TSS - together with the other newer contributions to Marxian Value Theory - represent a positive development. Of particular interest is the TSS
attack against the Walrasian equilibrium framework. However, one should be careful
about the relation between equilibrium and disequilibrium and the levels of abstraction.
The orthodox neo-classical perception of equilibrium analysis is an undialectical and
«violent» abstraction which fails to grasp the modus operandi of the capitalist economy
either in its essential or in its concrete form. However, this accurate criticism should not
lead to an unprincipled and unstructured juxtaposition of almost every process in
operation. Instead, a careful layering of dialectical abstractions is necessary. In this sense,
although capitalism is a dynamic and crisis-prone system, it does reproduce itself. Its
operation is not simply a blind flight to the future but it entails relations of co-ordination and
equilibrium. This aspect has been studied by Marx in his highly misunderstood schemes
of reproduction in Volume II. Therefore, equilibrium paths are the ground for the study of
disequilibrium dynamics. This conception is clearly different from ontological equilibrium
(i.e. the view that the actual economy tends, via a smooth and crisis-free path, toward an
equilibrium center).

Another positive contribution, made by both the TSS and most of the other recent
approaches, is the reintroduction of money. But again recent contributions tend to treat
the problem rather lightly. In confronting Sraffian technicism they seem to recourse to
money as the direct and without needing mediations and/or presuppositions expression
of abstract social labour. This perspective - usually branded a monetary labour theory of
value - has been explicitly rejected by Marx (1987) in his critique against Franklin. A usual
derivative of the monetary labour theory of value is the neglect (or the rejection) of the
commodity dimension as a Ricardian and Sraffian influence. Then the value of the means
of production and of labour-power is understood simply as money advanced and not as
commodities having been produced by labour in production but having also to be
validated as capitalist commodities in exchange. In the case of labour-power this route
might quite easily lead to the overt or covert rejection of its commodity nature and in
understanding its value as simply a wage share. Equally, the use of a MEL-type relation to
translate values into prices leads to an extremely problematic Smithian labour-
commanded perspective. Finally, the attempt to address at the same time the
transformation problem and create a immediately applicable (from actually existing data)
macro-economic model leads to severe methodological problems since it
misunderstands the dialectics of abstract and concrete.

Finally, the particular route that the TSS adopts in order to address the
transformation problem - that is to establish market prices as an intermediary between
values and prices of production - although ingenious is not without problems. Despite
Ramos and Rodriguez’s valiant attempt its faithfulness to Marx is at least questionable.
Additionally, it is also questionable whether it can grasp the essential relations of
determination that secure the co-ordination and reproduction of the capitalist system. In this sense, Marx’s transformation procedure does not represent an immediately applicable macro-economic model (capturing the level of the concrete) but rather an abstraction expressing these essential relations. The use of a two-period model does not solve but rather evade this problem.

Concluding, this volume represents a significant contribution to the rejuvenation of Marxist Value theory. The views expressed in it are novel and thought-provoking and this, setting aside all other reservations and disagreements, is its major merit.

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