

# BEYOND PRICE AND USE-VALUE

## Life-Capital and the Future of Marxist Political Economy

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**Abstract:** Mainstream economists have long argued that the labour theory of value cannot explain price-formation. In response, Marxists have argued that mainstream economics is fixated on abstract mathematical problems which mystify social reality and obscure the social relationships at the heart of the real economy. Marxist political economists have proposed formal solutions to the price-formation problem, but the deeper issue on which my article will focus is the way in which price signals cannot communicate the information that economic agents need to make decisions which are consistent with the life-support capacity of the natural world and the social interests of workers. While Marxists typically distinguish a socialist economy from a capitalist one on the basis of the former's commitment to production for the sake of need-satisfaction, needs are typically defined in terms of use-values. I will argue that this identification fails to distinguish between needs as universal life-requirements and needs as means to the completion of any project whatsoever. Unless needs are defined in terms of life-requirements, then even a socialist society can continue to undermine the natural conditions of life-support and exhaust human potential in meaningless cycles of consumption.

**Key words:** Marxism; needs; life-value; life-capital; consumption

The debate between Marxist political economy and mainstream economics has well-known technical and political dimensions. However, there is a deeper axiological problem shared by both but unexamined by either tradition. Both Marxist

and mainstream economic science is concerned with the formation of “value,” but both assume that value as such, at least in a capitalist economy, is expressed in prices. Marxist political economy looks forward to a socialist society in which value will take the form of need-satisfaction and not money, but does not draw the conclusion that there must therefore be a deeper and more universal value of which need-satisfaction is an expression. The untheorized universal form of value which Marxist political economy implies but does not spell is “life-value.” The term “life-value” was coined by philosopher John McMurtry to make the crucial distinction—which he found absent in both Marxist and capitalist economics—between goods and services which satisfy fundamental natural and social life-requirements (needs) and goods and services which feed capitalist consumer markets but which directly or indirectly destroy the social fabric and the natural life-support system.

Life means organic movement, sentience, and feeling. *Means of life* refers to whatever enables life to be preserved or extend its vital range . . . To reproduce life means to hold these capacities at their established scope. To increase life value is to widen or deepen them to a more comprehensive range. (McMurtry 1998, 298; italics in the original)

Capitalist prices clearly do not reflect the life-value of the commodities whose exchange-value they signify. However, I will argue that Marx’s (and the subsequent Marxist tradition’s) conception of needs implies but also does not coherently define and explain life-value. To solve the problem, use-values must be grounded in life-values and life-values employed as the basis on which allocative, productive, and distributive decisions are made. Socialist economies must prioritize the production of what McMurtry calls “life-capital”: means of life that produce qualitatively richer ways of living (McMurtry 2015).

The key technical criticism that mainstream economics makes against Marxist political economy is that the labour theory of value cannot explain the values (prices) at which commodities actually circulate. Since the marginalist revolution of the late 19th century, value-formation has been understood in mainstream economics as a function of the cost of the factors of production, market competition, supply and demand, and subjective consumer preferences. In contrast, Marx and Marxism argued that value had an objective foundation in the socially average labour time it takes to produce a given commodity. While this difference concerning the subjective or objective source of value is real and significant, it masks an important commonality: the assimilation of needs to subjective use-values.

Despite the fundamental differences in starting point, methodology, and normative principles for the evaluation of economic systems, there is a generally

unremarked convergence between these otherwise opposed camps on the question of the subjective relativity of need. Both Marxists and classical and neo-classical economists tend to treat use-values as conditions for the completion of individual or social projects. Rarely are the projects themselves subjected to critical inquiry on the grounds of whether they are necessary for the maintenance of human life or the realization of fundamental human capacities in meaningful and enjoyable forms of experience and activity. Marx seeks out the objective foundations of economic value in human labour, but he does not likewise explicate the objective foundations of use-value in life-value. The uncritical identification of needs with subjective use-values compromises the coherence of his—and subsequent Marxist—critiques of capitalism and fails to offer the clearest guidance to the construction of socialist principles of economic evaluation.

This article will try to solve the unexamined axiological problem of both mainstream and Marxist political economy.<sup>1</sup> I will begin with a brief overview of the marginalist critique of the labour theory of value in order to bring into sharper relief the unexamined role that a subjective conception of need plays in Marxism. Marxists have focused their response to neo-classical economics by emphasizing the role that need-satisfaction will play in a socialist society, but they follow Marx in taking on board a subjectively relative conception of need as defined by use-value.

Next I will outline how the interconnected ideas of life-value and life-capital help to overcome the problem of the subjective interpretation of needs and supply a better objective metric of economic efficiency and productivity. Unless needs are defined as life-values, there is no guarantee that a socialist, need-satisfying society will make materially rational, life-coherent decisions about what and how to produce goods and services. Materially rational and life-coherent decisions are those which satisfy the fundamental natural and social needs of human life in ways that are commensurate with a healthy natural environment, that maintain living space for the flourishing of other species, and that satisfy the conditions for all-around individual self-realization. Good lives are not functions of maximizing individual consumption but of the maximization of individually meaningful experiences and activities which contribute to the health, well-being, and enjoyment of social life.

## **The Marginalist Critique of the Labour Theory of Value**

The marginalist critique of the labour theory of value was first advanced by Eugen Bohm-Bawerk, a founder of the Austrian school of economics. Bohm-Bawerk made three interrelated criticisms. First, he argued that Marx uncritically adopted the labour theory of value from Smith and Ricardo without subjecting it to appropriate critical scrutiny.

That Marx was truly and honestly convinced of the truth of his thesis I do not doubt. But the grounds of his conviction are not those which he gives in his system. They were in reality . . . opinions derived from Smith and Ricardo, the great authorities. They had not *proved* it anymore than Marx . . . [but] only postulated it from certain general confused impressions. (Bohm-Bawerk 1966, 78; italics in the original)

Marx criticized Smith's and Ricardo's version for failing to explain how the production of surplus value was the product of the exploitation of labour (Marx 1986a, 162–163). According to Bohm-Bawerk, the problem is that Marx failed to ask the more basic question: does socially average labour time explain the creation of value as such? Bohm-Bawerk's answer is that it does not, and that Marx knew that it did not.

Hence the second line of criticism is that Marx's revisions to the labour theory of value ignored the obvious fact that commodities do not circulate at prices that reflect their values.

His fundamental principle . . . [is] that the value of different commodities is in proportion to the working time necessary to their production. Now it is obvious even to the casual observer that this proposition cannot maintain itself in the face of certain facts. The product of a day's labour of a . . . sculptor . . . certainly does not contain an equal value but a much higher value than the product of a common workman . . . although in both the same amount of worktime is "embodied." (Bohm-Bawerk 1966, 80)<sup>2</sup>

Bohm-Bawerk argues, in contrast, that prices are a function of the total costs of production, the capital advanced to make the products and, crucially, of market competition.

The role of competition leads to the third and most important criticism. Because Marx ignores economic reality in favour of a purely logical construction of his own making, he fails to see that subjective valuation (of selling price by sellers and buying price by buyers) is the real explanation of value and price-formation.

If, at the time he was dealing with actual exchange relations . . . if at this juncture he had given to the important term "competition" a scientific import, by a careful economico-psychological analysis of the social motive forces which come into action under that comprehensive name . . . he would have been driven step by step to the exposition of a system altogether different in purport from that of his original system. (Bohm-Bawerk 1966, 100–101)<sup>3</sup>

For Bohm-Bawerk and other marginalist economists, the roots of economics as a science lie in the study of the psychological motives of human action. They claim that Marx knew that subjective desires actually drive production and exchange, but he failed to analyze how market interactions between independent desiring subjects was the key to understanding not only the technical problem of price-formation but the more general issue of economic efficiency.<sup>4</sup>

Technical problems aside, the political crux of Bohm-Bawerk's and subsequent criticisms of Marxist political economy becomes clear. If Marx's labour theory of value is false, then the key contention of his critique of political economy—that the exploitation of labour is the objective source of surplus value and profit—is also false. If capitalism is not exploitative, then workers have no grounds to mobilize against it. Instead of collective organization for the sake of overthrowing capitalism and building socialism, workers should turn their energies inward, to become better competitors in the field of existing social relationships. If all prices are ultimately formed through free competition and subjective valuation, then workers can improve their lot by learning to market themselves better and develop talents that are in high demand, thus increasing the price that employers are willing to pay.

Underlying this political argument is an axiological argument about the subjectivity of all value. The Austrian school was critical of Marxist political economy for obvious political reasons, but its initial developers were also critical of mathematical economics. They did not deny that mathematics was essential to the explanation of economic phenomena, but they did deny that economic phenomena were essential mathematical. Economic life was not some mysterious reflection of universal mathematical processes of equilibrium formation in human society but a science of human desire and action. Ludwig von Mises argues that while mathematical economics “is an indispensable tool of economic reasoning,” it remains an “imaginary construction” which must never be confused with economic reality.

The mathematical economist, blinded by the prepossession that economics must be constructed according to the pattern of Newtonian mechanics and is open to treatment by mathematical methods, misconstrues entirely the subject matter of his investigations. He no longer deals with human action but with a soulless mechanism mysteriously actuated by forces not open to further analysis. (von Mises 2007, 702)

The real problem of economics, as Bohm-Bawerk argued, is to understand the outcomes of the interactions of free human individuals when they are allowed to pursue their subjective goals free from interference.

According to von Mises, both equilibrium models and social planning founder on the same rock: human intelligence is subjective and individual. Consumers therefore value things according to their own judgements about what is good for them. Entrepreneurs—if allowed to operate—disrupt established patterns and methods of production. They create new needs, new products, new methods of production, and new ways of bringing them to market. Entrepreneurs are the driving force of the “creative destruction” essential to capitalism’s dynamism and success (Schumpeter 1942, 82). The mathematical economist no less than the socialist needs to eliminate the subjective element, precisely because a proper understanding of the subjective element rules out the possibility of strict predictions about future needs. The capitalist market, according to von Mises, is a “consumer’s democracy” in which all that is produced and the prices at which those goods and services exchange is a function of individual choices (von Mises 2007, 813). If von Mises is correct, then it follows necessarily that any interference with choice is totalitarian.

Let us assume for the sake of argument that von Mises is correct and that the most economically efficient system allows market prices to be set by the free play of uncoordinated individual choices. Each person decides for themselves what he or she desires, and devises means of acquiring those objects. Since they will need an income, they will have to find a job. If they are rational, they will limit their desires to objects that they can afford. If they price themselves out of the markets they want to be in, they are free to upgrade their skills and find better-paying work. If they cannot do so, they need to revise their expectations downward, or suffer permanent unhappiness. In all cases, their ability to satisfy their desires is their problem. Governments ought not step in to raise wages or lower prices just because some individuals cannot satisfy their demands. Being a free agent means deciding for yourself what you want and how much effort you will expend to acquire it. The rule of the subjective valuation of needs demands forbearance on the part of governments, not because they are indifferent to people’s well-being, but because no one can provide for another’s well-being. Individuals themselves are the only legitimate source of information about their needs and desires.

What counts in life and reality is—in spite of what Kant said to the contrary—not good intentions, but accomplishments. What makes the existence and evolution of society possible is precisely the fact that peaceful cooperation under the social division of labour in the long run best serves the selfish concerns of all individuals. The eminence of the market society is that its whole principle of functioning and operation is the consummation of this principle. (von Mises 2007, 845)

There cannot be any exploitation in such a society because all commodities, including labour, exchange at a price which is the meeting point between what the seller demands and what the buyer will pay.

I agree that individuals have a legitimate interest in their own well-being because they are mortals with only one life to live. A good society should enable those people to live in ways that they find meaningful, satisfying, and enjoyable. Any society that regularly demands destructive self-sacrifice on the part of some significant segment of the population is inferior to one that does not. Von Mises argues that a capitalist society best satisfies that criterion, while Marxists and socialists respond that some form of planned economy better satisfies it. What is rarely remarked upon is that neither side pays sufficient attention to the objective factors of subjective well-being. Hence neither capitalism nor actually existing socialism up to this point, has properly understood life-value and life-capital.

### **The Objective Foundations of Life-Value in Life-Requirements**

Marx's labour theory of value explains value-creation as the function of the socially average labour time it takes to reproduce the labourer, but his political economy also contains an important subjective dimension. His understanding of use-value is straight from the pages of classical political economy. In order to exchange, any commodity must have use-value. Use-values are functions of subjective choice. Use-values "satisfy human wants of some sort or another. The nature of such want, whether, for instance, they stem from the stomach or the fancy, makes no difference" (Marx 1986a, 43). It is true that the nature of the wants that use-values satisfy makes no difference to their being use-values, but whether those same use-values are life-values makes a great deal of difference to the priorities of a socialist economy. In a capitalist economy, producers will sell life-destructive products if there is a market, and consumers will purchase them if they are necessary instrumental inputs into a project they are pursuing. However, if a socialist economy identifies use-value with need without further qualification, it too will lack an explicit measure of economic performance that systematically rules out life-destructive products and practices on the one hand while prioritizing the life-coherent realization of human sentient, affective, intellectual, and creative capacities on the other.

If we think of socialism only in terms of production for need, and define needs in terms of use-values without qualification, then we might think of socialism as a consumer's paradise, a world of a limitless abundance of use-values available to anyone who needs anything for any reason. Marx sometimes thinks in these terms. For example, in a little remarked passage from "Wage Labour and Capital" he describes in a prescient but uncritical way the psychology of consumer desire. He

notes that a small house that perfectly well suits a person's needs suddenly feels inadequate if a wealthy neighbour puts up a larger and more luxurious house. The person living in the smaller older house "will feel more and more uncomfortable" (Marx 1973, 163).<sup>5</sup> That description is an accurate portrayal of the way people feel in a capitalist economy. The crucial point to note is that these feelings of discomfort do not prove the need for a new house. They prove only that the psychology of consumer desire distorts our understanding of our needs. However, if we allow needs to be defined as subjectively desired use-values, then the basis for the social critique of the psychology of consumer desire collapses.

The Austrian school conceives the problem in exactly these terms. Von Hayek argues explicitly that free consumer markets are most efficient because they do not try to impose any objective ranking of needs. But von Hayek goes further: he claims that it is impossible to work out a legitimate objective ranking of needs because all needs, and therefore all rankings, are subjective (von Hayek 1976, 113).<sup>6</sup> If a person who was saving for college suddenly decides to spend his savings on a car, that is his right and the choice perfectly legitimate. People's preferences change. If the person wants a car more than he wants to go to college, then that is perfectly fine. A free society respects their choices and gives everyone the freedom to spend their money on the goods that they want at a particular moment in time. In the passage noted above, Marx would seem to agree, at least in so far as the relationship between need and subjective desire is concerned. If the person feels that his house is inadequate, then it is inadequate, because adequacy and inadequacy are not defined as functions of the properties of the object but in terms of variable subjective valuations. It would thus seem to follow that if the person with the small house has the money, he should build a bigger house.

The problem is that this logic of competitive acquisition is not a function of natural human psychological propensities. Capitalist societies stimulate consumer demand to create markets for the commodities that firms produce. Lumber and building companies need to make people feel that their existing houses are too small and shabby so that they will move to the new subdivision. Automakers, clothing producers, appliance makers, every firm producing for consumer markets must constantly find new ways to make people feel dissatisfied with what they have so that they will buy something new. The logic of competitive acquisition, especially in the Global North, is a key driver of the environmental problems endemic to capitalism.

As a description of social and economic facts, there is no problem with defining use-values in terms of their instrumental relationship to the completion of subjective projects. The matter is different when we remember that Marx's *Capital* is not descriptive social science but a *critique* of political economy. The definition of use-value becomes problematic when we define needs in terms of use-values and conceive socialism as a society that prioritizes the production of use-values over



exchange-values. Let us briefly examine some examples of this problematic identification of needs and use-values in Marxist and allied literature.

Let us begin with the influential work of David Harvey. Harvey argues that “the common wealth created by social labour comes in an infinite variety of use values” (Harvey 2014, 53). The problem with capitalism is that use-value is subordinated to exchange-values: people can only access the use-values that they demand if they can afford to pay (Harvey 2014, 60). Michael Albert’s systematic project for a democratically planned economy, “Parecon” argues, correctly, that a key problem of market economies is that they have no mechanism by which consumers can test the social effects of their individual choices. He tries to provide such a mechanism by theorizing how nested layers of consumers councils could deliberate about the social rationality of individual consumption choices. Those institutions imply that there is a difference between genuine human needs and mere desires, but he supplies no objective criterion that could be applied in the debates to distinguish genuine needs from desires. “In Parecon, each individual largely determines his or her own personal consumption, and the impact of each person’s preferences registers in the indicative prices that contextualize all choices” (Albert 2003, 165). Albert thus breaks with the market in one important direction (allowing individuals to discuss the social impacts of their choices), but not in another (he preserves the price mechanism as a means of helping to decide allocations). Even if higher-level consumer councils make the ultimate decision, using prices as but one source of information, they still lack an objective criterion by which to decide the question of which consumer demands will be satisfied.

Ecosocialism fares no better. Michael Lowy explicitly addresses the problem of the ecological damage generated by the social patterns generated by unplanned consumer choices in capitalism. He rightly identifies the role that advertising plays in stimulating demands for luxury goods that people do not need. However, he too fails to articulate a universal objective criterion by which needs can be separated from the larger set of consumer demands. Instead, he defines needs as that which people will still demand after the advertising industry has been permanently closed. “The criterion for distinguishing an authentic from an artificial need would be its persistence after the suppression of advertising” (Lowy 2007, 304). Clearly, this is an empirical contingency and not a rigorous criterion. It fails on two counts. First, it leaves existing people no way of reflectively determining the goods and services that they actually need from that which they have been encouraged to want. Therefore, there is no way for them to understand the connection between their choices *today* and environmental destruction. Consumers could respond to criticisms of their choices that they need the good or service and if the advertising industry is operating, critics could not appeal to Lowy’s criterion to criticize their behaviour. Second, many dangerous goods (cigarettes, for example), are not

advertised in many countries but there is still demand for them, while many actually needed goods (medications) are advertised.

Joel Kovel likewise argues in favour of socialism as a society which will elevate use-value over exchange-value and argues explicitly that demand for the goods *counted* as needs under capitalism is a major driver of environmental destruction, but fails to unpack the implied objective criterion of need. “In a liberated and ecologically sane world, use-values would take on a character independent of exchange-values, not to rule but to serve the needs of nature and human nature” (Kovel 2007, 215). Kovel understands that the use-values an eco-socialist society would prioritize are need-satisfiers, but he does not provide an objective criterion that allows citizens to determine their own or nature’s needs.<sup>7</sup>

If we leave the matter here, without inquiring into the nature of the uses for which there is demand, then socialism, which resolves the contradiction between use-value and exchange-value by producing for the sake of satisfying needs, could be interpreted as a society that tries to produce as many of the “infinite variety” of use-values that Harvey appeals to in his understanding of the common good.

What follows from such an open-ended definition? The assassin needs a gun in order to kill their victim. A coal-fired power station needs coal to burn to produce electricity. If a socialist economy prioritizes the production of use-values for the sake of increasing the common wealth, and the common wealth is found in an “infinite” variety of use-values, then production of life-destructive use-values like guns and coal-fired power stations is at the very least not ruled out. This criticism would be uncharitable if we did not have the example of Stalinist command economies, which successfully industrialized the Soviet Union, but at a massive environmental and human cost. Despite that cost, the Soviet Union in 1989 produced far more use-values than it did in 1917.

In order to obviate this sort of objection, clearly some sort of qualification on the definition of needs in terms of subjective use-value is required. Harvey thus talks about “fundamental” use-values (Harvey 2014, 60). Marcuse distinguishes between true and false needs (Marcuse 1964, 4–5). The numerous theoretical models written by Western Marxists all argue that a socialist economy will prioritize the production of use-values and the satisfaction of needs over private profits. As Pat Devine argues, “the most important side of the argument in favour of the socialization of the means of production, however, is that it is necessary if people are to be in control of their own lives” (Devine 1988, 130). Chinese theorists have also argued that their socialism with Chinese characteristics prioritizes need-satisfaction over private profits. As Cheng and Ding argue,

The direct and ultimate objective of production in socialism is to meet the whole people’s material and cultural needs. The production of new value and public

surplus value is aimed to serve the production of use value that reflects a “people-dominant” and people’s livelihood-oriented objective of production. (Cheng and Ding 2017, 48)

Yet, one will search in vain in all of these arguments for a rigorous criterion that allows us to distinguish between use-values and fundamental needs, and that allows us to pick out of the infinite variety of things those which all humans really need in order to be in control of their lives. Lacking such a criterion, socialists are left without a rigorous basis to determine socialist production priorities.

Fortunately, McMurtry’s system provides such a criterion. McMurtry understands that anything which is a need-satisfier has a use-value, but not every use-value has life-value. The sorts of use-values that a socialist economic system must prioritize are those with life-value. There is therefore a difference between needs as instrumental inputs into a given subjective project and needs as fundamental natural and social life-requirements. When deliberations such as those of democratic planners or citizens of Albert’s Parecon are discussing different allocative possibilities, they require a criterion that they can apply in their deliberations that allows them to objectively distinguish between needs as fundamental life-requirements and merely subjective demands unrelated to fundamental goods and purposes of human life. McMurtry’s criterion states: “N is a need if, and only if, and the extent that, deprivation of N always leads to a reduction in organic capability” (McMurtry 1998, 164). Needs in McMurtry’s system are distinct from consumer demands. McMurtry thus reserves the use of the term “needs” for life-requirements and defines life-requirements in terms of the natural and social conditions for the development of our affective, intellectual, practical-creative, and relational capacities: Atomic subjects can demand anything at all—and they do, in wealthy capitalist societies in the form of mansions far bigger than their occupants need, multiple luxury vehicles, closets full of clothes that get worn once, and so on. Human beings, by contrast—those same subjects understood in their bio-social reality—only need that which is required to develop their life-capacities in coherent relationship to a life-sustaining natural world and a conflict-free, peaceful social world. When we are deprived of the goods that we need, we suffer verifiable, objective harm: we become ill, our intellectual capacities do not develop, we die early, and we fail to develop the means of creative self-expression and clear communication. Our lives become worse the more we suffer preventable harms.

On the other hand, when we are deprived of goods that advertising and peer pressure make us think we need, we might *feel* that we have been harmed, but if we pause and reflect we realize that we have actually been liberated from an oppressive psychological burden that keeps us working *to no life-valuable end*. Lowy’s critique of advertising grasped this important point, but it does not generate a positive

criterion of need. We have also seen that Marx himself fails to cut through the fog of subjective demand. Had his small homeowner thought critically about their feelings about the monstrous house next door, he would have realized that his neighbour's home makes no difference to their needs. Instead of taking of going into debt to build another house just to keep up, he would have remained in the house, *content and free* from the artificial burdens that competition over status causes.

## Life-Requirements and Life-Capital

What could be more important today than a systematic way of measuring economic performance in terms of the life-coherent conditions of real human flourishing? The coherence of the Marxist critique of political economy depends upon its success in explaining the objective process of value-formation. However, the objective dimension of value-formation goes deeper than the labour theory of value. Instead of starting from the opposition of human economies and natural life-support systems, as classical, neo-classical, and Marx's economics all do, McMurtry's life-value economics starts from the empirically verifiable assertion that the earth is a single, complex, integrated system of life and life-support (McMurtry 1998, 23). He recognizes that human beings build socio-cultural worlds which are the source of uniquely human values.<sup>8</sup> Since human beings are creative, self-conscious, bio-social beings our social activity is not an alien imposition on an otherwise pristine natural world. Human beings are as much a part of nature as any other animal species. Our ways of life do not simply appropriate goods from nature; we transform those goods into social worlds. The issue is therefore not about how to curtail or suspend human world-making activity but to ensure that that world-making activity is life-valuable rather than life-destructive.

The labour theory of value must itself be grounded in objective life-values *if* Marxist political economy is to provide not only a better explanation of the dynamics of capitalism, but also, and more importantly, systematically link the evaluation of economic performance to the goodness of human and planetary life. Life-value takes two forms: instrumental and intrinsic. Instrumental life-values are in any good, service, or relationship that satisfies a human natural or social need. Intrinsic life-values are the feelings of well-being generated by the realization of our human life-capacities: the ability to sense and feel the world and our connections to other people, our capacity to understand and evaluate the natural and social worlds, and our abilities to create the artefacts that make the human world meaningful and beautiful (McMurtry 2011, 213). Under capitalism, social institutions are structured to make us believe that the realization of our life-capacities depends upon ever-increasing standards of living as measured by the quantity of goods our money can command. Hence, if we do not command capital of our own, we must work: the

subjective desire to consume ties us to the objective demands of alienated labour. Our subjective desires thus feed social patterns of environmentally destructive production and keep us tied to forms of work that are body and mind destroying. The alternative is not asceticism but the development of economic metrics that calibrate production with real needs. There is a subjective dimension to this re-calibration: a materially rational orientation towards that which human lives objectively need to be healthy, meaningful, and sensuously enjoyable.

The problem with capitalism is not that it puts all use-values out of the reach of consumers, it is that it produces and distributes goods without regard, on the one hand, to the *harms to life* some use-values cause and, on the other, to the goods of human life-capacity development that it subordinates to money-value expansion. Democratic planners and deliberating citizens in an alternative socialist society must decide between alternative allocative, productive, and distributive possibilities. The criterion according to which the decisions will be made is: of the proposed alternatives, which one would satisfy the greatest range of fundamental needs and enable the widest and deepest development of life-capacities. I am not working out such a method of calculation here, but only uncovering the deepest axiological foundations of economic rationality. These deliberations would have to weigh a number of factors: overall environmental impact, the quality of the work required to produce the goods and services, the differential requirements of historically marginalized groups in the community, and the range and depth of the capacities enabled by a given decision. There is hard work to do to transform the philosophical argument into a concrete decision-making tool, but there are no insuperable barriers to doing so.

The starting point is the objective foundation for the ranking of needs that life-value provides. The marginalists openly reject the possibility of discovering this foundation, while the Marxist critique of capitalism and political economy implies but does not spell it out. The foundation is as important as it is simple to understand: the material and social conditions of ongoing human life. The dead do not haggle over price. Unless we can access breathable air, potable water, and nutritious food, we cannot live for more than a few minutes, days, or weeks. These are material facts about biological life. People can interpret them all they like; they can ignore them in practice if they choose. Material reality does not argue: anyone who decides to rank their need for Burberry scarves over eating will die, no matter what von Hayek thinks about the impossibility of ranking needs.

The objection that worthwhile human lives require far more than basic biological inputs is correct to point towards the socio-cultural dimension of human life, but does not undermine the truth of the life-value argument. As I noted above, life-value is both instrumental and intrinsic, natural and social. The initial focus on the basic biological conditions of life does not imply any ultimate normative priority of

biological need-satisfaction over the experiences, activities, and relationships that produce meaning. We are always engaged in the business of keeping ourselves alive *and* creating meaning at the same time. Human life is equally biological and social; we live life as integrally unified beings, relating to each other through complex symbolic systems. All human life-activities therefore have cultural dimensions and modes of expression: none of those important facts undermine the objective reality of life-requirements. In fact, only when we insist on defining needs in terms of life-requirements can we develop critical standards for social evaluation. What is the heart of the Marxist critique of capitalist society? That its social institutions and cultural forms mask a life-destructive competition over profits that despoil nature and exploit and alienate human labour. Instead of producing needed resources in life-coherent ways, distributing the product to each and all on the basis of their needs for them, enabling people to live as full and free social self-conscious agents, capitalism demands that firms compete to exploit labour and scarce resources in any way that is most profitable. The life-support capacity of the earth is progressively undermined, but this fact does not register as economically irrational, because the health of the economy is measured in money-value terms.

Marxism has developed the most systematic and sophisticated critique of the material irrationality at the heart of capitalism. However, unless the socialist alternative is developed from an explicitly life-value foundation, it too could repeat the same mistakes. Marx says that a mature communist society will distribute goods on the basis of need (Marx 1875). But Marxists must ask what valuable and meaningful human lives really need, and plan production accordingly. Some contemporary communists argue that technological developments will, if unfettered from capitalism, allow for nearly cost-free energy, nearly limitless production, and nearly limitless consumption. “Fully automated luxury communism” may someday come to pass, but even if it did, its citizens would face the same problems as capitalist consumers: at the end of the day, purchasing products and indulging in canned experiences is not ultimately satisfying, meaningful, or definitive of a human life most worth living (Bastani 2019, 189).

Good lives require opportunities for meaningful self-expression and mutualistic relationship. Luxury consumption is a distraction from the emptiness of life under capitalism. We should by all means develop clean energy sources, but not so that we can produce more of the luxury goods that we already produce under capitalism, but so that we bring the energy requirements of human social life into coherence with the life-support capacity of the earth. Socialist priorities are the production of life-valuable goods and services that satisfy fundamental natural and social needs. Natural and social need-satisfaction, not luxury consumption, enables us to live our lives as sensitive, intelligent, caring, creative social beings. If capital is a value that produces more value, the socialist alternative to capitalist

society must prioritize the production of what McMurtry calls “life-capital”: life-goods that produce more life.

In all cases, *life-capital*, individual or social, is *what sustains, and is itself sustained by, the life-sequence it enables*. Our life-capital bases are immensely rich and deep, but are in principle confined to what enables life through time as against what disables it . . . In macro definition . . . only those means *which consistently enable life to extend rather than lose function are real economic goods*. (McMurtry 2013, 196; italics in the original)

Let us take two examples, one natural, the other social, to illustrate his meaning.

Go into any supermarket and you will be confronted by an astounding variety of foodstuffs. But how much is high-salt, high-fat, high-sugar junk food, which addicts with sugar and carbohydrates but supplies nothing of nutritional value? Let us suppose, with Bastani, that there are no zero-sum choices involved in its production (that is, there is so much free solar energy and agricultural technology has developed that we can produce as much junk food and as much healthy food as we want). Ought we continue to produce junk food? The life-value interpretation of socialism says no. Whether or not we waste energy producing junk food, we waste our lives if we eat it. We do not impoverish ourselves as food-consuming subjects if we decide to no longer eat junk food: we in fact cultivate our taste for good food, appreciate more deeply how much better it tastes, and value the better health its consumption produces. If we are healthier, we can be more active in more dimensions of existence. Investment in the life-capital of nutritious food pays off in terms of increased life-activity in multiple dimensions: we cultivate our tastes, we become stronger, and we are more active in other dimensions of life for a longer period of time. Bastani might agree. However, his theory of “luxury communism” provides no basis on which to exclude the ongoing production of junk food because it lacks life-value.

The same can be said in terms of social needs. Let us take the paradigm case of education. When society invests in the education of its citizens, it devotes a certain portion of its resources to enable its people to become more perceptive, better able to listen to others’ perspectives, to respectfully criticize different opinions, to expose contradictions and propose solutions, to understand how natural processes operate, to model them and put them to work in life-serving technologies, but also to recognize the limits of natural scientific explanation and thus appreciate the need for philosophical and aesthetic forms of understanding and evaluation. Investment in education develops the intellectual, creative, and communicative capacities of people and multiplies the intelligent and felt connections between



existing human beings and the things, creatures, and people of the natural and social worlds. Becoming educated means becoming intelligently and perceptually aware of more dimensions and layers of reality: we become more fully alive as sentient, intelligent, communicative, and creative beings. If we think of socialist societies in life-value terms, then they must select for investment in educational systems because education is a form of life-capital. Educated people experience and create more life-value.

Life-capital is not a theory of price-formation but the basic axiological foundation of materially rational and good economic systems. Ultimately, life-capital, like Marx's conception of socialism, looks beyond the horizon of capitalist money-prices as the manifest form of value to a world in which life-goods are de-commodified and made available on the basis of demonstrated need. The needs that the production of life-capital will satisfy are limited to the fundamental natural and social requirements of human life. Calculation about resource use must take into account the interests of other sentient life-forms and the limits of the natural life-support system as a whole. Marxist political economy must integrate life-value foundations into its critique of political economy and make explicit that its goal is not to invert the relationship between exchange-value and use-value, but to prioritize the production of life-capital. Unless the subjectivity of demand is tied down to life-value foundations, von Hayek is correct: there can be no objective ranking of needs. When we start from the obvious: human beings must be alive to rank anything, the priority of life-values becomes evident. Once the life-value foundation of priority goods has been established, the real problem of capitalism and the real socialist solution to that problem becomes clear. Capitalist price signals do not tell capitalists that the dynamics of their system progressively undermine the planetary means of life-support and waste people's life-capacities in passive and programmed consumer behaviour.

The solution is not to incorporate environmental costs into prices: a change in price does not guarantee that a shift towards environmentally friendly production will occur. Gasoline has become much more expensive in North America during the pandemic but there has been no drop in demand. The solution therefore must involve a change of system-priority. When the economy is re-g geared towards the production of life-capital, the contradiction between economy and environment is overcome. At the same time, since such a shift cannot occur without political struggles, and political struggles cannot develop unless people change their own priorities, the shift away from luxury good production would not be experienced as impoverishing but enriching in the only form of wealth that ultimately matters: time to freely experience, create, and mutually enjoy the world during the scarce life-time available to each person.



## Notes

1. This article circles back to arguments that I have made about the importance of grounding use-value in life-value and the need for socialists to take more seriously than they sometimes have of the disconnection between maximizing individual consumption and good forms of life. This paper develops from those earlier arguments but differs in so far as: a) the earlier papers did not examine the marginalist critique of Marx's labour theory of value and b) did not have access to the key idea of "life-capital." See Noonan (2010) and Noonan (2011a).
2. Marxists have addressed this second problem by examining the unique role that skilled labour plays in value-formation. See Cheng, Wang, and Zhu (2019, 219–220).
3. Marx deals with the problem of competition in Chapter 10 of *Capital*, vol. 3. See Marx (1986b, 173–199).
4. Bohm-Bawerk's criticisms have prompted Marxists not only to respond but also to continue to work on and develop the labour theory of value. I am a philosopher and not an economist and I cannot review the history of those developments here. Pierangelo Gagnani provides an excellent critique of Bohm-Bawerk and explains that the problems that Bohm-Bawerk identifies are really issues of incompleteness rather than incoherence. He goes on to provide a formal solution that rescues the labour theory of value from the marginalist critique. See Gagnani (2018, 618–642) and Fortas (2013, 198–204).
5. The two most systematic studies of the conception of need in the works of Marx rightly identify need as a fundamental criterion of value in his work, but fail to note the limitations of his subjective understanding of needs in terms of use-values. See Heller (2018) and Fraser (1998). I criticize both in Noonan (2006, 122–123).
6. I criticize this argument in more detail in Noonan (2012, 50–51).
7. Ecological economics also does not embed its theory of economic value in the more fundamental level of life-value. Hence, not only is it ambivalent about whether capitalism can be governed in an ecologically sound and materially rational way, it also lacks the axiological-normative coherence that life-value alone provides. Some ecological economists have been critical of the generally uncritical adoption of marginalist theories of value, but they have not gone on to spell out the theory of life-value, which explains why economic systems and the values they produce as economies are not ends in themselves. Economies are ultimately good or bad to the extent that they allow for the fullest possible realization of human life-capacities consistent with the interests of other species and a healthy natural world of life as a whole. An analogous argument holds against alternative metrics of economic performance like Sen's and Nussbaum's "capabilities approach" to social justice and the United Nation's sponsored Human Development Index. On the problems of the theory of value in ecological economics see Pirgmaier (2021, 1–10). I provide a more detailed critique of the capabilities approach in Noonan (2011b, 427–436).
8. The socio-cultural and historical nature of human being means that needs develop over time and different need-satisfiers will be required in different cultural contexts. This added complexity does not undermine the coherence of McMurtry's criterion. However, dealing with those added complexities would take me too far afield here. I discuss them at length in Noonan (2012, 58–75).

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