

# LOCAL LAW OF VALUE

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**Abstract.** It is shown that in the USSR the law of value was in force in relation to the commodity "labor power". Thus, within the framework of Marx's theory of value and, in essence, the capitalist mode of production, the system in the USSR is defined as capitalist.

## Introduction

The law of value is the general economic law of commodity production that arose about 7000 years ago, according to which the production and exchange of goods are carried out on the basis of their value, the value of which is measured by socially necessary labor costs, i.e. according to their social relative exchange value, which is the basis of price.

Marx noted that the value of goods depends not so much on the expenditure of labor time in their direct production, as on the expenditure of labor time for the production of similar goods under current conditions, i.e. from the average working time.

The value of any commodity - and, consequently, of the commodities that make up capital - is determined not by the necessary labor time that is contained in it, but by the labor time socially necessary for its reproduction [1].

"The law of value is the economic law of commodity production, according to which the production and exchange of goods are carried out in accordance with socially necessary expenditures of labor. The law of value manifests itself as the law of prices. Price is the monetary expression of value, the expression of the socially necessary expenditure of labor for the production of goods. "According to the law of value in force in the exchange of goods, equivalents are exchanged, equal amounts of materialized labor ..." [2]

The law of value determines the value of the price of a commodity with a balance of supply and demand. Equivalent exchange - the exchange of such goods, the production of which spent the same amount of socially necessary labor time. Each act of purchase and sale is not an equivalent exchange, but on average the exchange is equivalent. Thus, the opposite motivation of the seller and the buyer does not affect the average value of the goods established by the law of value.

The law of value is the engine of the spontaneous development of the productive forces. Selling goods at cost brings the greatest benefits to those producers whose individual value of goods is less than the social value. In this case, they not only compensate for the labor expended, but also receive excess profits. But the same is a brake, because it forces the entrepreneur to reduce wages, which reduces demand and causes crises.

The understanding that labor is the basis of value (price) originated in ancient Greece. Aristotle pointed out that "fair equality is established so that the farmer treats the shoemaker like the work of a shoemaker to the work of the farmer" [3], "exchange cannot take place without equality, and equality without proportionality ..." [4].

The concepts of exchange and use forms of value were also introduced by Aristotle, he argued that without the observance of proportions there would be no exchange, that the monetary form of value is the development of simple exchange value.

The labor theory of value was further developed by the English economist W. Petty and the philosopher John Locke.

Petty pointed out: "The value of a ship or a frock coat is equal to the value of such and such an amount of labor, because both, the ship and the frock coat, are produced by land and human labor" [5].

For Petty, value is determined by "equal labor," that is, labor in general.

In 1776, Adam Smith writes: "Labor is really a measure of the exchange value of all commodities" (Ch. 5). Smith's value is determined by the amount of labor that can be bought for a given commodity, it is made up of costs: capital expenditures, workers' wages and capitalists' profits [6].

Smith emphasizes: "... Labor is the only, universal, as well as the only exact measure of value, or the only measure by which we can compare the values of various goods at all times and in all places" [ibid., P. 43 ].

Marx praised Adam Smith for already admitting that in the transition "from simple commodity exchange and its law of value to ... the exchange between capital and wage labor ... something new happens, [so] it is obvious (and in fact, as a result) the law of value is reversed."

David Ricardo pointed out that, for example, the wind that rotates a mill is also a factor of nature along with the earth. But with the same success can be attributed to the manufacturers of the value of a hammer or a tractor. Therefore, Ricardo rightly pointed out that the natural factors of nature and machines add nothing to the exchange value. In order for a trapper to catch a beaver, he gave an example, he had to spend twice as much labor as to catch a deer, so beavers cost twice as much as deer. Thus, Ricardo determined the value of goods by the time of labor spent on the production of goods (see also about Petty, Smith and Ricardo [7]).

The neoclassical economist Paul A. Samuelson (1971) argued that "the ratio between beaver and deer can range from 4/3 to 2/1 depending on whether the tastes of deer or beaver are strong," and therefore it seems that the trade ratio are regulated only by the volume and intensity of consumer demand, expressed by consumer preferences, and not by working time. However, in the view of classical economists, such shifts in trade relations will quickly cause a shift from beaver hunting to deer hunting, or vice versa; Short-term fluctuations in demand usually could not change the labor cost of hunting per se, unless new technology suddenly made it possible to catch more game with less labor, or when herds were severely depleted.

After the collapse of the USSR, Russian economists undertook new attempts to criticize the theory of Marx - Engels. For example: "At the end of the XIX century the school of institutionalism arose in the USA. Its founder was T. Veblen, and its representatives were J. M. Clark, John Hobson, J. Galbraith. They criticized Ricardo's theory of labor value and defended the theory of factors of production (labor, capital and land) ... Acquaintance with the history of economic doctrines leads to the conclusion: if the theory of labor value is erroneous, then the starting point in Capital by Marx is wrong. ... the entire economic teaching of Marx rests on a false foundation. If the theory of value is wrong, then the theory of surplus value and the theory of capital accumulation are wrong. The rest is also in question, right up to the conclusion about the successful construction of a new socialist society" [8].

However, firstly, the identification of Marx's theory and Ricardo's labor theory is incorrect.

Marx set out his theory in the polemic book *The Poverty of Philosophy* (1847) against Pierre Proudhon, at the same time showed the fallacy of the political economy of Smith, Ricardo, Quesnay, and others.

Marx devoted the 1st and 2nd books of "Theories of Surplus Value" precisely to the criticism of the theories of A. Smith, Ricardo, as well as Quesnay, Rodbertus and others, in the 3rd book he outlined the unsuccessful attempts of James Mill to resolve the contradictions of the Ricardian system.

Marx noted that both Adam Smith and David Ricardo failed to consistently explain how the value of a product is regulated by labor time within capitalist production. Both Smith and Ricardo deeply believed that the structure of food prices was determined by the law of value; but, as Marx argued, none of them could explain how this price-value relationship works without contradicting themselves. In theory, they could not reconcile the regulation of commodity trade according to the law of value with the receipts of profit in proportion to the capital expended (and not in proportion to the working hours worked). Smith and Ricardo instead put forward the concept of "natural prices" to postulate a "natural" (intrinsic) tendency of markets to self-equilibrate - at the point where supply and demand were balanced, a "natural" price ("true" value) was achieved. As a result, their "labor theory of value" was disconnected from their theory of capital allocation. According to Marx's theory, the true balance of supply and demand in a capitalist economy - which, if it existed at all, would only occur by chance - would mean that goods are sold at their normal production price, but this does not automatically or necessarily mean that they are sold at their cost. Product prices could be consistently higher or lower than product value.

Marx dialectically resolved the contradiction of classical political economy: the worker receives a value less than he produces with his labor, i.e. the average profit should be zero when it is not zero. Consequently, either the basic law of commodity production (the equivalence of exchange) is violated, or other factors are involved in the creation of value along with labor. Marx explained that in conditions when the worker is separated from the means of production, the commodity is not labor, but labor power (ability to work). The contradiction leads to the emergence of a new type of product. Like any other commodity, labor power has value and use value, where the former is determined by the cost of the means of subsistence of the worker and his family, and the use value consists in the ability of labor power to create value more than is necessary for its reproduction. Thus, in an equivalent exchange, profit arises, which is the appropriation of the unpaid labor of the worker.

Marx resolved another contradiction, which the Ricardian school could not explain: why the rate of return on capital is determined not by the amount of labor involved, which followed from the labor theory of value, but by the size of capital. Marx described the mechanism for the formation of average profit, showing that in capitalist production there is a redistribution of surplus value between capitalists in proportion to their capitals, which does not eliminate the law of value (the exchange of goods takes place in accordance with socially necessary costs of labor), but only modifies it, while the equal rate profit on equal capital is not evidence that capital participates in the process of value creation [9].

Ricardo denied the existence of absolute rent, which Marx considered, Smith and Ricardo denied the possibility of general crises of overproduction, Marx considered them to be elements of the cyclical development of the capitalist economy. Marx was the first to mathematically consider simple and extended reproduction. Secondly, Marx never threw capital out of the factors of production; it is enough to look at his formula for reproduction.

Second, factor analysis assumes that capital itself creates surplus value, which is not true.

Thirdly, when defining phen, factor analysis takes into account only the material, sometimes only the monetary form of capital, the theory of factors for two hundred years, criticizing the theory of factors. Marx writes: "Capital, land, labor! But capital is not a thing, but a certain social production relation belonging to a certain historical formation of society ..." For example, the position of a state official is also capital, and it is inherited.

The aspirations of Galbraith, Keynes or Hobson are explained not by scientific, but by ideological considerations, their task is to equalize the roles of the capitalist and the worker. Thus, Galbraith declares that the aim of the technostructure is allegedly not profit maximization, but constant economic growth. That is, Galbraith explains the wars with the good intentions of the capitalist. An extensive series of Russian publications with "refutations" of Marx is due to the same, and a sharp decline in both the funding of academic science and the intellectual level of those engaged in political economy after 1991 is added to this. For example: "Don't automatic factories and robots create new value?" [8]. Of course they do. They do not create added value.

Theories that derive value from production costs operate on prices in money, the value of money itself remains undefined, it is reduced to the cost of gold production or the state appointment of the value of money.

The law of supply and demand, as noted by Marx, also does not give an answer to the question of how the proportion is determined when the balance of supply and demand is established.

The theory of imputation also incorrectly assumes that capital can generate surplus value.

All the old theories that were criticized by Marx, Lenin and Soviet political economists are now adopted in Russia.

History has shown that all predictions that were made on the basis of Keynes's theories or factors of production turned out to be fiction. The forecasts of Galbraith and Hayek did not come true, Galbraith himself writes that "economic science is extremely useful as a form of employment for economists" [10].

One of the world's leading economists, John Bogle, also called not to believe the forecasts [11]. Joseph Stiglitz agrees with him.

The Great Depression of 1929 showed that free market theories did not work under the new conditions.

In 1936, the work of John Keynes was published "The General Theory of Employment, Interest and Money", his theory suggesting the strengthening of the role of the state, became dominant.

In the second half of the 1970s, after the next world economic crisis, Keynes's theory was rejected, the opposite theory was proposed by Milton Friedman, the Nobel Prize winner.

However, in the 1990s, economists were able to predict only two out of 60 recessions in advance.

The 2007-2009 crisis, predicted by dozens of economists, but only in hindsight, forced us to abandon monetary theories and return to versions of state control over the economy. Monetarist R. Lucas, author of the theory of rational expectations, Nobel Prize laureate, said in 2009: "Apparently, in the conditions of the economic crisis, everyone becomes a Keynesian." [12, p. 15]

However, the concepts of neo-Keynesianism, post-Keynesianism, new Keynesianism also did not justify themselves.

Thus, all economic theories that reject Marxism have not stood the test of practice.

On the contrary, Marx's theory proved its predictive value, first of all, the Marxists pointed out the tendency of the USSR to disintegration in the 50s, long before the catastrophe.

### **The law of value in the USSR**

It is argued that the law of value acts spontaneously under capitalism, while under socialism it acts in a planned way.

"Under socialism, due to the domination of public ownership of the means of production, the law of value, expressing socialist production relations between people, operates in the system of economic laws of socialist society, in interconnection with them and is used in the planned management of production. He is not a spontaneous regulator of production. Its role here, therefore, is fundamentally different from that under capitalism. This is reflected in the specifics of pricing: first, prices are set in a planned manner by the state"[13]. Of course, the law itself as a necessary connection is the negation of spontaneity. On the other hand, any capitalist monopoly sets monopoly prices in a planned manner.

The ratio of surplus value to labor costs is one of the indicators - the rate of exploitation, and determines the intensity of the class struggle. It is argued that "in a socialist society, such a comparison loses its antagonistic character, but retains an important socio-economic significance" [14], while strikes are allegedly due to the ignorance of the workers.

In the pamphlet "Economic Problems of Socialism" (1952), Stalin writes:

"Sometimes they ask: does the law of value exist and does it operate in our country, under our socialist system? Yes, it exists and works. Where there are commodities and commodity production, there cannot be no law of value. The sphere of operation of the law of value in our country extends primarily to commodity circulation, to the exchange of goods through purchase and sale, to the exchange of mainly personal consumption goods. Here, in this area, the law of value retains, of course, within certain limits, the role of a regulator. But the actions of the law of value are not limited to the sphere of commodity circulation. They also apply to production. True, the law of value has no regulatory significance in our socialist production, but it nevertheless affects production, and this cannot be ignored when managing production. The fact is that consumer products necessary to cover the costs of labor in the production process are produced in our country and sold as goods subject to the law of value. It is here that the effect of the law of value on production is revealed. In this regard, at our enterprises such questions as the question of cost accounting and profitability, the question of cost, the question of prices, etc. are of topical importance. Therefore, our enterprises cannot and should not do without taking into account the law of value" [15]. In Stalin's opinion, in the USSR, "labor power is no longer a commodity" [ibid., p. 163] That is: in Stalin's opinion, under socialism, labor power is not a commodity and does not serve as an object of purchase and sale.

Stalin tried to get rid of other categories of Marxist political economy, arguing that they were no longer suitable in the USSR: "... it is necessary to discard some other concepts taken from Marx's Capital, where Marx analyzed capitalism, and artificially glued to our socialist relations. I mean, among other things, such concepts as "necessary" and "surplus" labor, "necessary" and "surplus" product, "necessary" and "surplus" time" [ibid., P. 165].

However, when compiling the textbook, Stalin asserts the exact opposite: "Remark: The term "surplus product in socialist society is embarrassing. Answer: On the contrary, we must accustom the worker to the fact that we need a surplus product, there will be more responsibility, the worker must understand that he is producing not only for himself and his family, but also in order to create reserves in the country in order to strengthen the defense etc. [16].

At the same time, it is obvious that the worker in the USSR sold his labor force five days a week, receiving money in return in the form of wages. Whether the worker was in free-market relations or not is secondary, not decisive. Moreover, it is impossible to understand the labor market only as a reserve army of labor. For example, in Japan, before the collapse of the USSR, there was an institution of lifelong employment, there was no reserve army of labor, but no one doubts that the law of value was in force in Japan.

Why did Stalin need to deny the obvious fact, to declare the law of value not valid in relation to labor in the USSR? The fact is that capitalism is defined as a mode of production in which labor becomes a commodity. If we recognize the operation of the law of value in relation to labor in the USSR, then this would mean recognizing that capitalism is in the USSR, while Stalin misled both the population of the USSR and the whole world, claiming that socialism had triumphed in the USSR.

### **Value, use value, price of labor power**

The value of a commodity is determined by the socially necessary and average labor time required for its production.

"... the value of labor is reduced to the value of a certain amount of means of subsistence" and "includes a historical and moral element" (Marx). "... the value of labor power, like any other commodity, is determined by the labor time required for its reproduction [17].

Like any commodity, labor power has a use value. The use value reflects the quality characteristics of the product. A better quality product has higher consumer properties, therefore, a higher consumer value.

The usefulness of the commodity "labor power" is that it is capable of producing value. The higher the use value, the more value the labor force is capable of producing. The value of the consumer value of a product depends on the size of the possibilities, on the value of the consumer properties of the product in meeting a particular need. In order to increase the possibilities of a product for consumption, in order to increase and expand the consumer properties of a product, it is necessary to spend more working time on its production.

At the same time, the cost of labor is determined not only by the quality of the product produced, but also by the severity of the work. The workforce in uranium mines is well above average. The work of goldsmiths who dig up waste in rural toilets is judged by the name of the profession.

The cost of a household planing machine at 1986 prices is 180-200 rubles. By combining it with a circular saw, the manufacturer increased the working time required to manufacture the machine and increased its use value. Its price increased to 200-240 rubles. But having spent more working time, and increasing the consumer properties of the machine to the possibility of turning, the machine began to cost 480 rubles.

The use value of labor power with the formation of a technical school is higher than the use value of labor power with the formation of a technical school. A worker with a college degree can work on more complex machines. The cost of labor depends both on the importance of the work performed and on the activity of the trade union and strike struggle. For example, in the UK, a skilled docker gets more than another professor.

Thus, use value and value are related. The higher the use value of a commodity, the higher its value.

The price is based on cost, but the price is determined not only by the cost of working time, but also by the ratio of effective demand and supply. Following the reduction in production, the supply of goods also decreases, its price begins to rise, consumption decreases - the price falls, for example, oil. However, the labor force is specific.

### **Labor market in the USSR**

The labor market in the Soviet Union existed in different forms than in the West. As Ricardo wrote, monopoly always limits the market game of supply and demand, setting prices according to the maximum purchasing power. The army of unemployed in 1986 was only 1.7 million people, so it did not define anything, but the market for job search was quite large.

The market is a social phenomenon (Marx), and therefore it is objective, monopoly does not destroy it.

Local conditions are different and depend on geographic, historical, religious, national, cultural and other factors. Working and living conditions are much better on the northern coast of the Black Sea than on the southern coast of the Arctic Ocean, they are different in Moscow and in Komsomolsk-on-Amur, therefore the supply of labor in Moscow and the Black Sea is higher than on the Amur or North. With the same demand for labor, its price rises in the North and falls on the Black Sea coast. The price difference generates labor migration.

Under fixed local conditions, the value of the price of labor is influenced by the specifics of labor in various professions, labor intensity and other factors.

The difference in conditions, the specifics of labor form the labor market in the USSR.

Exchange is a volitional act between two commodity owners, when someone else's goods are appropriated and their own is alienated. According to Marx, the totality of relations between commodity and money circulation is subdivided into three spheres: production, distribution, consumption. On the market, goods are exchanged, bought and sold. Consequently, the market is part of the distribution sphere.

The market in the USSR is seen in waves of ebb and flow of labor in certain professions.

When the price of the labor power of the engineer was high compared to the price of the labor power of the worker, everyone went to the institutes for the engineer. The influx of local labor was reduced, and state capital

had to raise the price of the worker's labor, reducing the price of the engineer's labor. The influx of labor to the jobs of engineers has decreased, "Higher wages attract the working population to an area in favorable conditions until it is saturated with labor and wages for a long time fall back to their previous average level or even below it if the influx was too big. Then the influx of workers into this industry not only stops, but even gives way to an ebb tide"[18].

In the USSR, the wages fund with an increase in labor productivity and an increase in shift assignments, wages grew slightly. The picture is the same in any capitalist country since the XIX century. If people, even outside the "socialist" competition, begin to work harder and better, a "beacon" of high labor productivity appears in the shop, at the enterprise, in the industry. According to the indicators of this "beacon of the communist attitude to labor," prices are cut and output rates are adjusted so that everyone else works like a "beacon", but for the same salary. This is called "improving labor standards." In Europe or America, prices are cut by the freer market. In the labor market, the commodity "labor" is exchanged for a commodity in the form of money. In the USSR, it is this exchange that is the market that the Stalinists deny.

"For these things to be able to relate to each other as goods, commodity owners must treat each other as persons whose will dwells in these things; thus, one commodity owner only at the will of the other, therefore, each of them only through one volitional act common to both of them, can appropriate someone else's goods, alienating his own. Consequently, they must recognize each other as private owners. This legal relationship, the form of which is a contract, regardless of whether it is legally expressed or not, is a volitional relationship, which reflects the economic relationship"[19].

If one of the parties is somehow unequal or unfree, then this gives the other side of the exchange an opportunity to impose its own terms of exchange that are beneficial only to itself, which are disadvantageous to the other side of the exchange.

Engels points out that the exchange between the bourgeois and the workers is always unequal, the bourgeois has much more opportunities, and the worker cannot refuse to supply his labor power.

"The peculiar nature of this original commodity, labor power, is expressed, by the way, in the fact that upon the conclusion of a contract between the buyer and the seller, its use value does not actually pass into the hands of the buyer. Its value, like the value of any other commodity, was determined before it entered circulation, because a certain amount of social labor had already been spent on the production of labor power, but its use-value consists only in its later active manifestations. Thus, the alienation of power and its real manifestation, i.e. its being as a use value, are separated in time"[20].

### **Increase in the use value of labor**

In crises, the rate of profit falls. To raise it, it is necessary to increase labor productivity. For example, by introducing new technology. Teaching workers new technology increases the use value of their labor power. But no one is going to pay the worker more, because the bourgeois always shifts the burden of the crisis onto the shoulders of the workers. Average figures show the minimum wage level during crises.

Strikes, conflict situations, sabotage increase wages, however, the increase does not occur immediately and throughout the production area, but only at individual enterprises and market segments. Legislative benefits in line with any reforms also make it possible to get ahead initially only for individual enterprises. Obviously, a simultaneous increase in wages can only be achieved with a general strike, otherwise the growth occurs at the expense of other enterprises. If growth comes at the expense of benefits, it also comes at the expense of other enterprises.

"But even the worst architect differs from the best bee from the very beginning in that before building a cell of wax, he has already built it in his head. At the end of the labor process, a result is obtained that already before the beginning of this process was ideally in the mind of the employee. He not only changes the form of what is given by nature; in what is given by nature, he realizes at the same time his conscious goal, which as a law determines the method and character of his actions and to which he must subordinate his will. And this submission is not a single act. Leaving aside the tension of those organs with which labor is performed, a purposeful will, expressed in attention, is necessary during all the time of labor, and moreover, it is necessary all the more, the less labor enthralles the worker with its content and method of execution, therefore, the less the worker enjoys labor as a game. physical and intellectual forces" [21].

Thus, a certain share of mental and physical labor is initially present in human labor. Labor itself is divided into two types - mental and physical.

An increase in labor productivity also raises the cost of labor, and hence increases its price, that is, wages. This increase is regulated by the tariff scale, but the tariff scale and, for example, the introduction of new technologies for the bourgeois do not have to be tightly connected. If workers are not struggling to raise wages while introducing new technologies, the capitalist does not raise the price of labor.

A contradiction arises - the cost of labor has risen, but the price has remained at the same level. The price of labor power has fallen below its value. Value, use-value and price must correspond to each other. He cannot reduce the cost of his labor power of the working people, it has already been produced. An increase in labor productivity increases the consumption of mental labor, but the worker decreases the consumption of mental labor. The capitalist states that the mental abilities and level of education of workers are too low, the introduction of new technology stops, and then there is only one way, an extensive, way of increasing profits - increasing not the rate of profit, but its mass.

The introduction of new technologies develops production, but this "... development of the productive force," writes Marx, "is accompanied by a partial depreciation of the functioning capital. Since this depreciation makes itself felt sharply due to competition, its main burden falls on the worker, whose increased exploitation the capitalist tries to compensate for his losses" [22]. The capitalist mode of production is based on the introduction of new technologies, it is constantly happening under capitalism. But in this case, the capitalist, slowing down progress, wins not only because of the understatement of wages, but also because of the decrease in strike activity. If the workers do not need to be taught new technology, if the workers remain illiterate, they are unable to resist the increasingly sophisticated machinations of the capitalist against the workers.

Thus, the contradiction of capitalism lies in the fact that, on the one hand, the capitalist cannot but introduce new technology. First, in view of competition, Marx in the 1st volume of "capital" constantly emphasizes its role of "external coercive law". Marx's scheme of simple production shows that if, at its first step, the capitalist does not reach the average rate of profit, at the next step, the rate of profit of his production is even further from the average, and finally, he flies out of the circle. The specificity of Russia is that the entrepreneur freezes or does not pay wages to achieve an average rate of return instead of reducing costs or introducing new technologies.

Secondly, the capitalist seeks to obtain excess profits. The new technology requires skilled workers. In "Capital", Marx mentions the complaints of the capitalists about the low educational level of workers, and therefore in the 40s of the XI century free elementary schools for the children of factory workers began to be created in England.

At the turn of the century, there is a leap in the development of the education system. Funding is increasing, the period of study is increasing (therefore, the cost of labor produced since the turn of the century has increased), new types of educational institutions have emerged, the learning process has been enriched by new educational systems, and the volume of disciplines taught has increased.

In the 50-60s - the next leap in the development of the education system. Increase in appropriations. The transition to universal compulsory secondary education (in the USSR - in 1932), the minimum period for the production of labor increased to 10-11 years (which, of course, also increased the cost of labor produced after the 50-60s), the volume of acquired knowledge increased.

About 20 years after the structural crisis of the 1970s, the mouthpieces of the American business community, Fortune, Business Week, regularly publish articles about the need to increase spending on the education system and the need for reforms in the education system, its further development and improvement.

"Managers don't need to be forced to talk about the shortcomings of American schools today. Here is a terrible story told by representatives of the Motorola company. They recently found that people must have at least fifth grade math and seventh grade reading skills to work in a corporation's factories, finding that a good half of its workers needed additional training (the second working class, ed.) to achieve this level"[23]. Dean Thornton of Boeing: "... schools are not doing their job, the US must get off the ground in education" (ibid.). Jack Bowsher, former IBM Chief Executive Officer: "More and more, industry leaders are asking themselves: How can we help people acquire professional knowledge before we even hire them? This is where vocational schools come to the rescue"[24].

Reforming the education system to expand and deepen vocational education, the transition to the principle of lifelong education, which does not end with the graduation from an educational institution, but continues as long as a person participates in production. "Now, - stressed Yu. Mellerman, (Minister of Education and Science of the Federal Republic of Germany, author) - it is no longer enough to have a good primary education, you need to study all your life in order to keep pace with the rapid development of science and technology" [25]. The average duration of education is constantly increasing [26], in the USSR by 1988 it reaches 11, in Chile - 13, in the USA - 16 years.

After the collapse of the USSR in the countries of the world, the monopoly price of labor power relative to the rising average cost of labor power falls. Accordingly, the use value of labor power is also reduced, and hence the rate of profit. This process flows continuously, like the renewal of the labor force, and the rate of profit is constantly decreasing until the structural crisis is resolved. Thus, the law of the tendency of the rate of profit to fall, discovered by Marx, is confirmed by practice. Long waves in economics [27, 28] also confirm Marx's conclusions. Thus, the law of value regulates the exchange value of labor in the process of technology change.

### **Correspondence of the use and exchange values of labor**

The increase in the supply of capital at the Vladimir sewing association was expressed in the replacement of equipment with imported, more productive ones. Training of workers increases the use value of labor power. Labor productivity has increased, therefore, the consumption of labor has increased. Its price and salary should also be increased. But wages did not rise, which triggered a wave of layoffs. "The situation can be considered paradoxical: the administration is introducing equipment that will greatly facilitate strenuous work - in response to the concern, the workers submit an application for resignation" [29]. "You might as well leave! - exclaims in the hearts of his only operator (an embroidery machine made in Japan, author) L. Potapova. The machine is very complex, but interesting, and there are many orders. At first, we enthusiastically, as a whole group, spent the nights working on it. Especially young people wanted to master electronics. In my first salary, I received more than three hundred rubles. And economists and accountants were all alarmed: how could it be, earnings are almost like those of the general director! They transferred me without any explanation to the fourth category, and everyone calmed down - 120 rubles/month. The girls ran away immediately" [ibid.]. That is: in the USSR, the law of value acted in relation to labor through their immediate interests.

"Accident, crash, disaster. These words have become a part of our life lately ... But this is only the tip of the iceberg. If we add to this emergency stops of machine-tool equipment at factories, tractors in the fields, cars on the roads ... Instead of saying in time, tighten up loose connections, adjust the machine, device or mechanism until it breaks down ... "[30]" Cherepovets Metallurgist " the alarming tone does not diminish: "The workshops were overwhelmed by a wave of accidents, ... The teams poorly monitor the condition of the equipment ... During the analysis of two major accidents at blooming, a gross violation of technology was noted" [31].

In this resistance to increased exploitation, the two sections of the working class act in the same way. "... I found the workers of the cosmetic department at a large table, full of various foods. There was a lunch break, peace and harmony reigned at the table. My question is why they are against modern automated production did not bother anyone: We know how Americans exploit people! And you won't sit down for a shift. We will not agree even for five hundred a month ... The salary in the future workshop is indeed promised for five hundred rubles and more. But is it really possible to attract money to those who are accustomed to slowly come to work, serve their shift and receive a small guaranteed salary. To which you can add something ... "[32].

The second detachment of the working class, having wages at or above the value of its labor power, also has no benefit from an increase in labor productivity, an increase in the supply of capital, or an increase in capital investment. Why make 500 when you need 200? This is the first detachment whose labor cost is higher than the market price, it needs 500 or more. "Fortunately, not everyone in the shop is against cooperation with a foreign company. The girls from the brewhouse where the new Italian equipment is installed are in favor of the joint venture. Technologist L. Tarasenko and operator L. Lyashko explained their "dissenting opinion" as follows: We worked on antediluvian equipment, drank dashing. Now we know that the real work is where automation and electronics are. And a decent and honest salary will not hurt ... "[ibid.]

In order to explain the phenomenon, they refer to the inertia of the old people: "Old workers, as a rule, do not want and cannot work with complex machines." (Socialist industry October 1, 1989 E. Nigmatov "Away from progress"). However, it was the young workers who left. On the other hand, when in 1988 middle-aged workers from the Perm defense plant "Promsvyaz", where the machines were manufactured in 1913, had a chance to



visit the Finnish plant, see new technologies and work on new machines, the plant's administration said: "Tear the Russians off the machines, they will derail all plans." The workers found it interesting to work, even without wages. Motivation for work, different from the amount of payment, is not considered in modern versions of factor analysis.

Let us return to the correspondence between use and exchange values: "even Luddite sentiments arise: they break technology, automation" [ibid.].

Once again: this is the USSR. Once again: if the use value of labor power is increased by teaching it new technology, and prices are cut, then the workers will break the new technology and bring the use value of their labor power in line with the exchange rate.

"For example, the ministry again dictates to our SPA "Electroagregat": to reduce labor intensity. And since science and the headquarters of the industry cannot offer any technical innovations, progressive equipment, the "Trudoviks" will again act as before. They will simply cut prices"[33]. That is: the prices were cut even before the equipment was updated. Therefore, the administrations of the factories sabotaged the introduction of new technologies, the chief engineer of SPA "Istochnik" in 1986 complained that his subordinate administrators signed his orders, but did not execute them. "As of 1.1.1990, the volume of equipment not put into operation amounted to 37 billion rubles, which exceeded the figure of last year by as much as 5 billion rubles ... 40% of all uninstalled equipment has been awaiting installation for the second year already ... every year the number non-installed machine tools with numerical control (more than 4 thousand pieces), 1.7 times (482 units) - machining centers, 1.3 times (440 sets) - automatic and semi-automatic machine lines"[34].

That is: the law of value is related not only to the average socially necessary labor time, but is local, regulating the balance of the use and exchange values of labor. With an insufficient level of exchange value of labor power, regulation takes place in different forms: Luddite, in the form of a decrease in the quality of the product of labor independent of the workers' consciousness, and also in the form of strikes of various types.

### **Conclusion**

Thus, if we proceed from Marx's labor theory of value, in the USSR labor power had use and exchange value, the law of value operated in relation to labor power, therefore, the capitalist mode of production prevailed in the USSR.

Of course, capitalism in the USSR differed from capitalism in the USA or the FRG in its "Asian" form, in the sense that the Asian mode of production, as symbiotic and subordinate, existed in the USSR to a greater extent than in the USA or FRG.

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