EVERY THEORY IS INCOMPLETE AND IS SUBJECT TO DEVELOPMENT

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1. Introduction

Every grand age is tragic, but the tragedy today is in the lack of grandeur. Everything falls apart, there is no building up, only destruction – economic, spiritual, moral and any other, a crisis of values. Former virtues are regarded as sins, whereas sin is now regarded as a virtue. Such is the logic of historical development.

This kind of logic did not bypass social sciences either, including the economic science. Being held captive by the euphoria, political economy is light-handedly ignored as a science. Under the hidden veil of ideologization and depoliticization in an administrative way there is abolished its study as subject. The considerations are that the old theory is steeped in the Bolshevist spirit, it is scholastic and dogmatic and therefore it must yield to “pure” economy.

No one questions the fact that the old economic theory must be cleansed from ideological labels and dogmas, which were attributed to it. The question is whether this is reason enough for it to be replaced with the “pure” economy (economics).

The rejection of a particular theory is not new in the history of economic thought. It dates back to ancient times, but most notably it is manifested in times of specific social perturbations, especially revolutionary ones, such as those of today. Every theory is the product of its own time, of certain needs. With their change there also changes the theory itself, but from this it does not follow that political economy must be replaced with another name. The fight with it began as early as the dawn of its emergence. The first to use that term was A. Mont Chretien. However, he and many of his followers view political economy not as a theory, but rather as a state economic policy.

Subsequently this situation is changed and rectified by the classics of political economy – F. Quesnay, Adam Smith, D. Ricardo, J. S. Mill and others. The classical school, according to Marx, was the first in the history of economic thought to lend theoretical character to political economy.

Marx adopts the name political economy from his predecessors. However, he brings new content into its subject-matter. Since his theory is not disproved and denied, eventually there is denied political economy itself and there is a transition to a new name – economics. This occurs almost three centuries after its appearance.

The Austrian school is the first to support this change – a substitution of political economy with the so-called “pure” economics. Such a change we see also in W. P. Jevons – Theory of Political Economy (1871), and in the famous work of A. Marshall Principles of Economics (1890). This view is supported also by the marginalist theory. Political economy is transformed from a science of the social regularities of society...
into a science of the technical regularities of economics with the scarcity of resources and their use. There is a change in the goal and the subject of the very science. This thing is present also today, economic science is deprived of its social energy, it is turning into a kind of econometrics. This approach is the product of ideological considerations – denial of the labour paradigm and praise of the theory of marginal utility and neo-classicism.

The aim of the article is to reveal the unity and difference between the labour paradigm and the theory of marginal utility; that both of these have their place in the economic analysis and the teaching of economic theory.

2. The labour theory of value and the theory of marginal utility – two alternatives in scientific cognition

This issue can be the subject of an independent study. We discuss it in the section related to the proposition formulated before that: there does not exist an eternally fixed universal theory. Every theory is unfinished and is subject to development.

Hence the conclusion that there is no pure theory of the economic development of society. The postulates of the classical theory, according to Keynes, are applicable not to the general theory, but only to special cases. The issues run into contradictory deviations, trends, which do not fit the theory itself. The essence entails variation, and it is studied through its change. Since that is so and since economic necessity is realized in ambiguous ways, i.e. there is non-linearity of historical dynamics, this means that there are needed different approaches, theories for the explanation of this essence, of the very historical dynamics.

The world is diverse and cannot be expressed (explained) with a single theory. Society, according to K. Popper, is always imperfect, it is open to perfection and improvement, which is not a matter of a synoptic project, but rather of trial, of its testing. In this line of thoughts, the criticism of P. Sraffa of the marginalist theory of value and distribution is justified. In his work The Production of Commodities by Means of Commodities (1960) he tries to restore the classical approach to the theory of value and that the approach, based on the demand and supply cannot solve this problem. For these reasons it is necessary to restore the viewpoint of the old economists from A. Smith to Ricardo, here I would also add Marx, which was forgotten for a while.

The Revival of the classical political economy is not only desired, but also necessary. It is the result of the fact that an ever-increasing number of economists get disappointed with the postulates of neoclassical theory. The reorganization of the economy is not in line with it (the latter), scepticism is growing, the theory does not provide an impartial assessment of reality and that being as it is, there must be sought other alternatives.

With regard to this today we cannot accept the proposition that the labour theory of value has exhausted its potential and must be obliterated. This also applies to marginal utility. The reasons for the latter to come to the fore are rooted in the following circumstances:
First, marginal utility today has new dimensions and estimations.
Second, change of the economic paradigm, there is a transition going on in economic analysis - the dictate of the producer is replaced with that of the consumer.
Third, change in consumer behaviour.
Fourth, the connection between the labour theory of value and the theory of marginal utility is treated in a new manner.
Fifth, old theories may contain both answers and alternative views in solving new problems.
Sixth, there is attributed a sin to the Marxist doctrine - there is disregarded the utility in determining value, in that it gives precedence to the labour theory of value.
Seventh, the two theories (that of labour and that of marginal utility) do not reflect adequately economic reality and for this reason a synthesis between those is impossible. The attempts of Tugan Baranovski, A. Marshall and others in this respect have proven to be unsuccessful.
Eighth, the differences between the two theories are more ideological in nature than economic.

The labour theory of value, according to N. Bukharin, has always been the sticking place of the bourgeois political economy, which necessitated that it be built upon different grounds and that gave rise to the theory of marginal utility. However, it turned out to be ill-suited for theoretical research, yet it was the only one which could oppose the Marxist theory.¹ And again in this connection: the Austrian School is an ideology of the marginal type of bourgeois, the fullest antithesis of the ideology of the proletariat, the most powerful enemy of Marxism. As a theory it is utterly useless, it has no cognitive value. Marx’s worth does not come into contact with Bohm-Bawerk’s worth at all, stresses Bukharin.²

Ninth, such thoughts are to be met with even today: the synthesis between the two theories is impossible; in some cases there is used the labour theory of value, while in others – the marginal utility.³

Tenth, it is believed that the theory of marginal utility has a substantial contribution to the development of the labour theory of value and therefore it should come to the fore.⁴ Others claim that the two theories are surrounded by fortifications, that they refer to different things and there can be no connection between them.

Eleventh, there is the following opinion - the labour theory insufficiently accounts for the public need and therefore it must give way to the theory of marginal utility.

Let’s see if that is so

Marx is a critic of every philosophy of turning back. He ridicules those, who want to return to Kant, even to Aristotle.

¹ Buharin, N. Politicheskaya ekonomiya bez cennosti (socialnaya teoriya rspredeleniya), Osnovnyie problemyi politicheskoi ekonomii, sb. statej, 1922, p. 401.
⁴ V. Afanasev op. cit.
But what is to be done?

Theory develops along with history. We return to Marx in order to shed light upon and reassess better the doctrine from the point of view of the present time. The thesis that utility is disregarded is not true. In his early works and later on he defends utility, but did not have the time to fully develop it, and perhaps the time did not require it. As early as in *The Holy Family* or toward *Critique of the Critical Critique* (1844) in collaboration with Engels, they claim: “value is initially given a seemingly sensible definition: it is determined by the production costs of an object and by its utility. Later on it turned out that value is a purely accidental definition, which bears no relation to either production costs, or utility”.5

F. Engels in *Outline of a Critique of Political Economy* (1844) two decades before the emergence of marginalist theory writes: “the utility of the object is something purely subjective, which defies definition in its absolute form: naturally, it is not subject to definition - at least not until people still wander about among opposites. According to this theory (Say’s theory emphasized by me) essential commodities should have higher value than luxury objects.6

Whether a particular object should be produced or not depends on its usefulness to cover production costs. “No one will sell cheaper than what they have spent. If the production costs of two objects are equal, then the utility will be the decisive moment in determining their comparative value”.7

Labour is a measure of value. It is determined by the publicly needed cost of producing the product. The attacks on Marx are aimed at the fact that he disregards utility as a factor determining value, there is attributed the sin that he does not understand the effect of demand and supply on the price. These attacks however are unfounded. In the third volume of *Capital* there is considered the relation between public need and value. A product which exceeds the framework of this need has neither consumer value (utility), nor value. The labour input into its production does not acquire a socially beneficial character.

**Marx does not disregard utility.** For him it is the material bearer of value; a product which is not useful has no value. Similar thoughts are developed also in *Toward a Critique of Political Economy*, where it is emphasized - value is determined by the cost of production of the object and by the social utility of the latter.

Marx does not aim to reveal the social characteristics of utility - he mentions them en route, his task is to reveal the law of the movement of the formation (capitalism), to expound the exploitation of labour on the part of capital by means of the relation of wage labour and capital. In this connection the speculations around his work are huge.

Long before Marx utility is the object of attention in the works of Smith and Ricardo. In their work there are contained views that are close to those of the Austrian school, the rudiments of a subjective evaluation of exchange goods.

Smith’s theory is controversial, the method – dualistic, it goes around in perpetual circles. On the one hand he is a supporter of the labour theory, while in other cases he

5 Marx K. and Fr. Engels, vol. 2, p. 34.
7 Ibid, vol. 1, p. 531.
abandons it – preference is given to utility. The value of the commodity, according to him, has twofold significance: “sometimes it expresses the utility of a particular object, while at other times - the possibility for acquiring other objects. The first may be called consumer value, the second – exchange value”\(^8\). The exchange ratios of the goods are determined by the quantity of goods, which can be obtained for them at the exchange.

Ricardo is the continuator of Smith’s labour theory of value. However, it does not satisfy him, he sees the contradictions, but is unable to eliminate them. For him utility is not a measure of exchange value, although it is required for the latter. He better than Smith distinguishes between the two aspects of a commodity: consumer value and value. But at the exchange of labour for capital he is unable to explain the law of value. If this law is observed, the worker should receive the full value of the product created by him, but in this case he receives compensation that is much lower than the created value. What Ricardo has failed to accomplish is done by Marx.

The labour theory of value and the subjective theory of value examine one and the same problem - value - only from different standpoints. To recognize subjective theory is to reveal its nature. The crux of the question is how do we manage exchange ratios and how do we determine utility from the point of view of the subjective school?

**First**, the exchange is done by the will of the participants in the deal (trade) led by psychological and - from an economic viewpoint - selfish motives. The criterion for the exchange is the subjective valuation of the good. The law of value does not exist, it is fiction – the product of human imagination.

**Second**, the ratio in the exchange is really done according to the will of those accomplishing the deal, but behind them rests labour. That, however, is not taken into consideration by the subjective school. Everybody strives to gain maximum benefit by exchanging a smaller quantity of a product for a greater quantity of labour - product. The market price is formed not by the will of the counterparties, but rather by virtue of the competition, which is objective, and in accordance with its fluctuations the economic subjects shape their behaviour.

**Third**, the commodities which are exchanged are the product of human labour. Everyone, as already pointed out, aims to exchange a smaller amount of their own labour for a different - greater - amount of labour. This is precisely where the benefit of the exchange lies. If there is no gain, no exchange takes place. The valuation may be subjective, but is has an objective motive. The subjective valuation is there all right, but it is not the underlying principle of the exchange.

Does the subject himself really set the price of their product with the interindustry competition, does he align the individual value to the level of market value and market price on his own? Isn’t that the case also with the interindustry competition, where value turns into manufacturer’s price? To say nothing of the monopoly, is it really the subject that sets the price here?

The producers in a particular industry cannot possibly sell their goods under more favourable conditions in comparison with other industries for a long time. If so, there will be an influx of capital from unprofitable to profitable industries, which will

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\(^8\) Smit, A. Bogatstvoto na narodite. S., 1983, p. 29.
continue until there is formed a common balanced profit margin, i.e. equal in volume capital investments create one and the same profit margin, irrespective of the industry they have been invested in. The products of one and the same amount of labour, irrespective of the industry, have one and the same exchange value.

Fourth, the theory of utility, which has culminated in the theory of marginal utility, is based on the following: goods are bought not because in them there is invested labour, but rather because they are valuable and useful, i.e. in their parlance they have worth (value). The theorists themselves do not deny the fact that value is at a certain proportion against the costs of production, but the costs themselves (land, labour, capital) are determined by utility and more precisely by their marginal utility. However, by the valuation of the good on the part of the subject we cannot make a judgement on the labour input into the value of the commodity, since that is unique. In order for the good to be exchanged, based on its marginal utility, the subject must possess a certain supply, in accordance with which he prioritizes his needs. Even if that is so, the marginal utility for the wealthy person will be quite different from that for the poor. The product, however, is sold at the same price, the difference being that the increased price will not have an effect on the consumption of the wealthy person, but it will have an effect on the consumption of the poor.

If as a result of a natural disaster the production of wheat suffers, the price will go up, but the marginal utility and the consumption of bread for the wealthy person will not change, while for the poor the situation will be different. But in both cases the product is bought at the same price, irrespective of the differences in marginal utility.

Fifth, the produced goods do not have marginal utility for the seller on the market, which is why he cannot evaluate them through it and on that basis establish their value and price. That being so, he is devoid of the possibility to take part in the formation of the price, i.e. he blindly follows the whims and the dictate of the consumer. The reality, however, is different: the seller takes into account not so much the marginal utility of the good purchased by the consumer, but the costs of production. He cannot ignore them for long. Also, the following thesis is untrue: the consumer is always the master and exercises a dictate over the producer; the dictate of the producer is no less merciless than that of the consumer. The price in many cases is dictated by the producer, not to mention the monopoly.

The underestimation on the part of the labour value and the theory of utility is in the fact that the first seems to give a greater precedence to production, and the second - to consumption, whereas in reality those go hand-in-hand - two communicating vessels of the same entity.

The value problem cannot be solved on the basis of demand and supply. The marginalist theory treats them as something independent, outside and irrespective of the value, of the costs of production, and that should not be so. The price of a particular good, according to it, is determined by demand and supply. But if those coincide, how will the latter be determined? Demand and supply do not set the price, but its value. At one and the same ratio (cheap and expensive goods) the price differential increases, but this does not determine the content of the price. The contradiction is overcome if price is viewed as something set in advance, as a monetary expression of the value, dependent on the costs of production.
Demand and supply form the price only in the short term, in the long term it depends on the costs of production (Ricardo). “The price of goods is ultimately regulated by the costs of production, and not, as has often been claimed, by the ratio of demand and supply. Naturally, the relation between demand and supply will temporarily affect the market value of goods. But this effect will have a transient nature.”

A. Marshall arms himself with this formulation of Ricardo’s and thus builds a bridge of sorts between the labour theory of value and the theory of marginal utility. He discusses the impact of utility and the costs of production on value. In this connection he writes: “... having clarified the reasons determining the price of supply, he thoroughly reassesses the costs of production”. The shorter the period under study, the more necessary it is to take into account the effect of demand on value, and the longer the period, the greater the importance of the effect of the costs of production on value.

The costs of production, the intensity of demand, the limit of production and the price of the product regulate one another, each one of them experiences the influence of the other. The marginal costs are equal to the marginal incomes and the price. Value is regulated both by utility and by the costs of production. The marginal costs and marginal utility are equivalent factors, determining the worth (value) of the commodity, the supply depends not on the prices of the goods on the market, but rather on the costs of production.

A. Marshall does not separate marginal utility from the value (worth) of goods. On the contrary, although inconsistent in his proposition, he joins these two theories into one, he believes that the curve of market demand is the sum total of the individual curves of demand. But it (the curve of market demand) is nothing but a manifestation of a social need, about which Marx talks in the third volume of Capital, and to Marshall it is an expression of the social utility, forming the market price. The point of intersection between the curves of demand and supply determines the market (equilibrium) price, where the equilibrium price corresponds to the normal costs of production, and the needed quantity of goods – to the public need.

If in the theory of Marshall there is common ground between the labour theory of value and the theory of marginal utility, then this cannot be said about the other economists of the subjective-psychological school (C. Menger, Bohm-Bawerk, etc.). To them value is not an objective reality, but a logical construct, which has nothing to do with the social costs of production. In the theory of marginal utility this is illustrated with the following example: five producers make and sell on the market five diamonds. The sixth, found by chance, is also for sale. The person who has found it has not input any labour into it and yet he is selling it on the market. Hence the conclusion – the product is not the result of labour, value is not an objective category. Marginalist theory, however, in this case confuses individual value with social value. The exchange value is determined by the marginal utility, by the subjective assessment of the economic subjects. Everybody seeks to gain maximum benefit, otherwise the deal cannot be

carried out. People, however, are not just consumers, but also producers. The valuation of the goods should be carried out not only according to the need, which they cover (the amount of supplies), but also according to the labour restoring these goods.¹²

If goods are unlimited (God’s gift) they would be assessed only from the point of view of marginal utility, but as scarce, limited - the assessment should be done also from the point of view of the labour, which reproduces them. The ratio in the exchange is indeed done according to the will of those making the deal, but behind them is labour. Everybody tries to gain maximum benefit by exchanging a smaller amount of a product in return for a greater amount of live labour - product. The market price is formed not by the will of the contracting parties, but rather by virtue of the competition, which is objectively present and in accordance with its fluctuations economic subjects form their behaviour. Therefore the law of value cannot be obliterated. But attempts at such obliteration exist today as well as in the past. K. Popper gives a false impression of the Marxist theory of value. He, just like many other economists, identifies exchange value with value, and the law of value with the law of demand and supply, he rejects demand and supply as a manifestation of the law of activity, as its mechanism of action.¹³

The theory of marginal utility has always been the subject of spirited debates. We have not discussed it in detail, since it is not the objective of our exposition. There can, however, be pointed out two significant facts: the contribution of the Austrian school to economic theory is appreciated in a well-deserved way¹⁴, there is sought common ground between it and the labour theory of value, i.e. the possibility for synthesis. Others deny this possibility¹⁵, the pretence being that the two theories (the labour theory of value and the theory of marginal utility) are two different theories, which cannot be united into a single whole. Their unification would grow into a new quality, i.e. into an entirely new theory.

The methodological foundations on which these two theories are based, according to us, are different, but that does not mean that between them there should not be sought common ground. Economic theory has paid a heavy tax that only phenomena of the same kind are enriched and that with the heterogeneous ones such enrichment is not possible.

**Hence the conclusion: in some cases the price (mass production) is determined by the costs of production, while in others (uniqueness, irreproducibility, scarcity of the product) it is determined subjectively.** Ricardo’s doctrine is set in operation here: value is derived from labour and scarcity. The price of rare specimens - the paintings of great artists - is determined not so much by the labour, but by their irreproducibility, by the willingness of the subject to pay the price,
i.e. by the individual valuation. Even in that case labour cannot be disregarded. This can be confirmed by the following example.

Tokay and any other matured wine is of a higher price not merely because it is scarce and of better palatability, but also because of the fact that there have been incurred greater expenses on its storage. The worth determines the costs. These are costs of a higher level, society recognizes them as higher than they actually are.

**Such is the case also with certain unique works of art.** The consumer is willing to pay a high price for them. With this, however, the labour input into their creation is not rejected and denied. The labour is unique, because it is irreproducible in nature, labour per se, labour of the highest nature and therefore it is much more valuable than the other types of labour.

So the assessment of the good depends not only on the properties, which are attributed to it by the subject, but also on the uniqueness of the labour which creates it.

The theory of marginal utility has not only strong, but also weak sides: the strong sides are the rate of consumption and the satisfaction of needs as a factor affecting the price; the weak sides - subjective valuation, determined by the marginal utility of the good being bought, the role of the seller is excluded from the formation of the price in respect of it. He is of no importance.

This assertion cannot give us a satisfactory answer to the following: why are the prices of certain goods (machines, cars, motorcycles, etc.) higher in comparison with others - bicycles, grain, etc., despite the fact that to some the marginal utility of the latter is higher than that of the former, but on the market everyone buys the commodity at the same price.

**The attacks and the hatred towards the labour theory of value are more of an ideological than of an economic nature.** From it Marx drew the exploitation, unrequited labour, the surplus value and the derived from it categories - profit, rent, interest, etc. The Western non-Marxist thought does not use the term exploitation, while Smith and Ricardo speak of it long before that. Under market economy there isn’t and there cannot be any exploitation. In so far as it exists, it is a rare phenomenon and it arises under specific conditions.

What is more, in this perspective there are some extreme views. The argument is as follows: surplus value is derived from live labour; should it disappear or decrease under conditions of computerization, the so-called third wave (A. Toffler), there also disappears or decreases value itself, hence also the profit as part of it. Then we are left with just one thing - profit is the exclusive result of capital, labour theory disappears, nowadays it is no longer valid. But if we accept that sort of principle of reasoning, then the salary should disappear as well.

Hence the conclusion, exploitation is dying out, there is no need for strikes, no need for trade unions, there is class harmony, and there is a revival of the old theory of Bastiat.

Exploitation is regarded as a market phenomenon, its origins must be sought not in the sphere of production, but rather in the sphere of exchange, in the course of which with a nonequivalent exchange labour can receive income greater than its contribution to the creation of the product. But if that principle is followed strictly, it
turns out that it is not capital that exploits the worker, but just the opposite, it is the worker that exploits capital.

This theory explains labour value inaccurately. What is more, it distorts the latter. Variable capital is not proportionate to the surplus value, but to the value of the labour force. Due to the increased productivity (relative surplus value), the value of the labour force decreases and the surplus value increases. As regards complex labour in automated manufacturing based on computerization, there the costs of live and embodied labour increase, and there is used a more qualified labour force of a higher value, i.e. a greater amount of variable capital, as a result of which there is also an increase in surplus value itself.

As can be seen, there are two different approaches to this question: Marx draws exploitation from the labour theory of value and in particular from the surplus value, while the other - from the factors of production and utility. So in this case the worker earns his living with the sweat of his brow, whereas this rule is not valid for the capitalist - he appropriates income without working.

Perhaps there will be raised the following objection - capital appropriates income, because it is restrained. But the act of restraining is not an act of creation, just as the act of refraining from making children is not an act of making children.

Labour theory, just like every other theory has its merits, too, but also deficiencies. It easily explains value with the socially needed cost of producing the product, but provides no satisfactory explanation of the elements of that labour, their quantity, the reduction of complex labour to simple labour. Also, this theory is difficult to apply to the calculation of value, of the socially required costs of labour, which in practice makes it difficult to use.

This gives some eminent economists sufficient reason to formulate their thesis in a different way: it is not speculative reasoning, but experience that decides the fate of the theory. “A theory which cannot be compared with the facts or cannot be tested quantitatively with the help of observation data is actually deprived of all scientific worth”.

That is not yet a criterion for the denial of the labour theory of value. Maybe the stated thesis is based on the first volume of Capital, where it (the value) is viewed in its abstract state, and the price - as a monetary expression. But in the third volume of Capital Marx considers the transformation of value into production cost, the goods are not sold according to their value, but according to their production cost. Many Western economists have not understood the discrepancy between the first and the third volume of Capital, which leads them to make false conclusions.

The contradiction between experience and theory can be purely theoretical, but that does not mean we should reject the labour theory of value. We have on occasion quoted Ricardo, let us remind ourselves once again: how do you unite exploitation at nonequivalent exchange of wage labour and capital with the labour theory of value, which presupposes equivalent exchange (labour - capital)?

The labour theory of value cannot be ignored. Many questions today remain open: value under the new economy; automotion of value, virtual economics;
modification of labour and change in its structure; changes in the form of exchange and consumption (e-commerce, consumption, etc.). The new economy does not come out of the subject of political economy. The old definition of economic system, to quote Hegel, must be contained and preserved in the new one.

So, theory and practice must be based on common sense. There should be sought a synthesis of theories for the explanation and changes of the world, rather than strict adherence to one theory or other. This is valid not only about the theory of marginal utility, but also about Marxist theory. In this respect the West turned out to be more practical and flexible - pluralism in the schools of economics in transforming the socioeconomic reality. The reasoning shows us - there is no universal theory of all times, there are needed other approaches.

Theory develops if it enters into disputes with its own concepts, if it is “challenged and falsified” (a term used by Karl Popper). But there is a catch here. We find it difficult to part with what has established itself and difficult to get used to what’s going on. Our minds are riveted to the being (neoclassical theory), as if we are blind and mute towards other theories and systems. No theory possesses the perfect mechanism and tools to explain reality. Economics cannot be considered to be the highest form of education in economic science, since it does not exhaust economic theory. Every theory must come out of the circle of its explanatory principle; if it is locked in itself, it leads to stagnation and unproductiveness.

The task of science is to discover and reveal: “all our theories are (remain) riddles, suppositions, hypotheses” (Karl Popper). Within the rational a theory can be preferred more than another one, provided it explains the world better. Truth has no monopoly. Opinions, although contradictory, can give a better idea of the world. This holds true both of the labour theory of value and of the theory of marginal utility. Each of them suffers from historical narrow-mindedness - taken in their unity, they explain the world better.

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**Abstract**

In the article there are discussed the unity and difference between the labour theory of value and the theory of marginal utility. The author is for the revival of political economy. Despite the criticism and hatred for the latter, it has not lost its significance to the analysis of economic processes in our contemporaneity. This holds true also of the theory of marginal utility. In this work there are shown the strengths and weaknesses of the two theories, their contributions to the development of economic thought as well as their trials through time.