PANOECONOMICUS, 2012, 4, pp. 501-519
Received: 14 May 2012.

UDC 330.101
DOI: 10.2298/PAN1204501J
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Value and Power in Economics

Summary: In this article we rethink the field of value in economic theory. First, we prove that the transhistorical and nominalist approaches show different weaknesses and can not account for the constitutive dimensions of value. Within this context, we demonstrate why value emerged in the first place and what epistemological dimensions it provided and enabled for economic reflexivity. In addition, we demonstrate that it is impossible to understand inherent value as an immanent property of goods in economic transactions and we critique the approach that renders value to the theory of price. Economic relations reflect value-related aspects without which the relations could not be understood. We then analyze the interrelations between power and value, proving the constitutive dimension of power in understanding value, demonstrated in selected examples. We treat power as a constellation in which economic agents act on other subjects to provoke certain activity. Power may occur only where the behaviour of subjects is not entirely determined. Finally, one additional selected example shows the range of this theory of power in terms of positional goods.

Key words: Value, Valuation process, Power, Coercion, Positional goods.

JEL: B50, P16.

The significant motivation for this article is a 2009 book by Jonathan Nitzan and Shimshon Bichler (2009) (Alpar Lošonc 2011). By arguing that both neoclassical theory and Marxism are to blame for the discourse based on the figure of "dual quantity", the authors present the argument that is just one of many critical actions with respect to the treatment of value in the economy. Value cannot be perceived empirically, it is not an object of experience, however it can be quantified and therefore serve for economic observations. On the one hand, the focus is on benefits, and on the other hand the focus is on socially-necessary abstract activity. In accordance with these arguments we come to the notion of capital ("quantified power of the capitalists") as a power, which suggests that the category of value may not be relevant because it does not aggregate all the elements of power. Value can be interpreted in terms of the efforts of economic theory to articulate the emergent regularities in economic dynamics, and setting the measures in terms of the exchange ratios, not just at the bottom line and for mathematical calculations. In this article we will gauge the pulse of their criticism which accuses the theorists of value of moving on a dual plane, reducing money to a "veil". We demonstrate that money is an inevitable or intrinsic component of value.

While we respect the theoretical achievements of these authors, we will offer an opposite argument, that value cannot be treated at all without the perspective of power. Moreover, we assume that these are co-existent notions. It is true that value is a non-empirical entity (to add, a process as well), however this does not preclude value as a determinant of causeal chains in an economy. Furthermore, by linking value and power, the categorical tools of economics could be restructured. Shedding light on some of these aspects will have to suffice for our purposes. In any case, we start from the fact that power is a *constituent* category (which has traditionally been poorly analyzed in economic theory) for economic reasoning.

The structure of the paper is as follows. *First* we will attempt to discover themes of why the problem of value occurred in the first place, in order to point out some fluctuations in the very concept of value. From this we can draw a synthetic term of value. *After that*, we will analyze some selected cases regarding the operationalization of power in economics in order to integrate the consequences. All that remains then is to summarize the results in order to show the constitutive role of power in terms of value. In the Appendix, we consider the concrete dimensions of the theory of Ugo Pagano and affirm our approach in relation to the strategic aspects of value.

1. Geneology of the Problem of Value

In her nominalist orientation, Joan Robinson (1964) placed value into the domain of metaphysics (Serge Latouche 1994). In another book, writing about R. Meek, Robinson (1981, p. 184) speaks of value as a "shibboleth" (Fletcher Baragar 2003). Nonetheless, she did not dispute that metaphysical statements can be sources of different hypotheses, or that such statements may contain a specific orientation, even a moral one. However, the stamp of metaphysics implies that a statement of value cannot be verified; aside from that, her entire argument after demonstrating different downsides of the category of value culminates in asserting that it was only a "word". Nothing else. At one point she even makes possibly the most serious accusation: "the law of value" leads to depravity, because it does not suggest that there are such situations when "the misery of capitalist exploitation" is proportionally lower in relation to the *absence* of the same exploitation.

Although Robinson cannot be classified without any further explanation into a group of those theoreticians who have simply wiped the theory of value the table of economic discourse, or made it redundant for economic analysis, her nominalism has a destructive nature. But do we have to evoke conceptual realism in order to salvage the concept of value for the economy? Is it at all relevant?

Despite the introduction of some elements of discontinuity, numerous relevant papers follow the line of continuity when economic history is concerned. This alludes to how the value is a trans-historical category which at least in its latent form, has always existed (Bernard Dempsey 1948, pp. 148-186; Joseph Schumpeter 1986). However, we treat value as a result of historical determination, that is, a historically-specific expression of certain economic relations. Despite the fact that value was mentioned and analyzed prior to modernity (Gunnar Myrdal 1953, p. 60; Maurice Dobb 1976, p. 39; Todd S. Lowry 2003, p. 14; Takeshi Amemiya 2007), it exists in a complex sense only after the emergence of the autonomy of economy and therefore, modernity and its socio-economic processes. Absent the concept of endogenous and disaggregated scarcity (Paul Dumouchel and Jean Pierre Dupuy 1978; Bert Mosselmanns 1999; Adel Daoud 2010) in the economic framework, value cannot be perceived because we can only reach value as an analytical category through the phenomenon of scarcity. Furthermore, without the loss of intrinsic substantial attributes, we can rethink the notion of value: that is the basis upon which to reflect the opportunity set of individuals in which contextualized-constrained evaluation processes take place. Without it we cannot understand the relativistic and artificial component of value that prompted Alfred Marshall (1920, p. 8) to say that value "always means value in exchange". Or was it this that earlier inspired Adam Smith to talk about value on the relation of exchange in terms of "labour purchased". Pareto tersely concluded: "Value is simply a relation". In accordance with that already stated, Piero Sraffa (1960, pp. 8-9) could say, "exchange ratio [which] depends as much on the use that is made of [a basic product] in the production of other basic commodities as on the extent to which those commodities enter its own production". Moreover, without these aspects we cannot understand Ricardo's search for the invariable measure of value, concepts such as "absolute" or "real value" in the context of theories based on embodied labour, or finally, Ricardo's criticism of Adam Smith. In his critique of Malthus, Ricardo differentiated between the "value in use" and the "value in exchange", but concluded that only the latter presented a subject of economic-theoretical considerations (David Ricardo 2009, p. 7). Stanley Jevons (1957, p. 38) could not even advocate utility without the socio-economic background being "utility is not an intrinsic quality" of goods. He further defined the utility as "the abstract quality whereby an object serves our purposes, and becomes entitled to rank as a commodity". It is true that we reach for value to articulate "the systematic, objective forces" of the market under a chaotic game market, but this becomes possible only after certain historical dynamics. Value exists only because things show their true nature through other things, impossible without the existence of an intrinsic substantiality of things. The value do not become inherently "correct"; they are measured in the interdependent relations between things and goods, leading us to a taxonomic articulation of things.

Therefore, value is not an inherent property of things for economists to measure with their established criteria; namely, only social processes make them immanent. Even the heavily discussed relationship between value and price ("regulation of prices by the value" as Ricardo used to say) can only be discussed after the autonomy of economy emerged.

This shows the distinction between objectively determined worth *(valor naturalis)* in pre-modern times and "value" (Hannah Arendt 1958, p. 66). It is indicative that value can only take shape in a situation when a linear temporality develops in society, along with metrology and taxonomy of things. Only then can value be used for analytical purposes in economics to establish an abstract regulation mechanism of the economy (Mosselmanns 2004). Without the temporal horizon, without endogenous economic organization of time in a new production order, we cannot perceive value. In other words, there had to be a certain kind of abstraction in terms of social practice in order to even consider talking about value. We should solidify that already mentioned, namely, the historical determination of value does not imply a standard distinction that was common in economic theory. We refer to the difference between the objective and subjective value theory. However, the distinction between the objective and subjective theory of value is an internal differentiation if the genealogy of value was already completed. It comes only after the affirmation of the genealogy of value (Elizabeth Anderson 1993; Arjo Klamer 2003). The objective theory of value is linked to objective factors, such as labour being the cause and source of value, or refers to the objective costs of production. It wants to demonstrate the goods in the exchange that can be differentiated by means of the moment that created the same things: this should create a reliable metric unit. Subjective theories articulate the certain selection by an intentional economic subject in the context of scarcity and rarity. There are differences between the two approaches that cannot be ignored. For instance, one of the most important representatives of public choice theory with an Austrian tone, the Nobel laureate James Buchanan, claims that the objective theories perceive costs only in terms of automaton, calling for a strong subjective conception of costs where there is a robust relationship between choice and cost. The link between opportunity costs and an economic agent's intentional act of choice is without doubt a powerful expression of the subjective theory of value because it is a subjective choice of the value context (Buchanan 1979). There are significant differences between Jevons and Menger though they belong to the same theoretical context. The first focuses on utility; the second on satisfaction. Even the problem of excess, which divided the classical and neoclassical economists, can be imagined only on the basis of the completed genealogy of values. For the latter, the surplus disappears due to the affirmation of individual contributions of the production factors; for the former, such as Sraffa, values are dependent with respect to the distribution of surplus. For one category of goods which appear in the exchange they represent production or labour as a non-reducible factor, whereas in other cases they represent the objects of wishes or preferences as an expression of an ultimate-subjective standpoint. For some, labour can measure everything that passes through the circulation of exchange, while for others only intentional expressions can evaluate goods in exchange. Despite significant differences between the representatives of the objective and subjective theories, we can only consider these differences after the forms of regulating quantitative relations emerge. If there are no more intrinsic definitions of goods with which we economize, then value must involve a socially mediated process of evaluation, regardless of whether they have a subjective or objective perspective. Value always carries an index of the evaluation process; it cannot exist without a normalized socio-economic assessment. And if it carries material aspects, then it exists in the social arena. The entire issue of a measure of value, or independent value in relation to price fluctuations troubling so many economists arises only when doubts regarding the allocation and reallocation of social labour emerge. The economy also faces the problem of the relation between quality and quantity. Value is the economic expression of an attempt to solve this problem.

2. “Oscillations” in the Concept of Value?

Sometimes value determined procedures are explicit in economic analysis, as in the case of the Atkinson ethical measure of income inequality (Anthony Atkinson 1970; Amartya Sen 1982). As soon as we start speaking about the perverse effects of self-interest, it is an implicitly value-marked judgment. Frank Knight, one of the most eminent economists from Chicago, also philosophically oriented and interested in methodological issues, has repeatedly referred to the issue of value and the ambivalence regarding the concept (Knight 1925, 1956). In one study where he explicitly rejected the want-satisfaction as the ultimate criterion of value, he determined the constitutive status of value for economic theory, "it is impossible to form any concept of 'social efficiency' in the absence of some general measure of value. Even in physics and engineering, 'efficiency' is strictly a value category, there is no such thing as mechanical efficiency" (Knight 1923, p. 581). The concept of efficiency loses its trait of being an absolute given. This sends a clear message about the impossibility of pure technical problems in economics or whether the technical purification in terms of the discharge of the value aspects is excluded. It is clear that value over determines even such a sacrosanct economic category as efficiency. This moment that emphasizes the meta-position of value is extremely important. However, Knight's attitude, breaks free from the non-situational categorical structure. Even when we speak of efficiency, we must understand it contextually, within the situational constrained opportunity set. This is where it goes beyond standard neoclassical procedure that naturally limits choice by means and opportunity costs, but does not register that the means and opportunity costs are already structured (socio-economically determined). Neither the individual nor "social efficiency" are neutral terms whose objectivity can be guaranteed by the operationalization of quantity or quantitative functions: efficiency (as well as any other economic category used in economic analyses) is the result of socio-economic framing procedures (Sen 1982; Albert Hirschman 1984), established by different standards in production, distribution and exchange.

Again we find our earlier remarks about the dysfunctional relationship between the qualitative and quantitative dimensions of economics: the rapid shift from quality to quantity, or even an elimination of quality dimensions in economic analysis, is often *behind discourse on value when it is automatically treated as a theory of relative prices in terms of direct technical operationalization*. From this we can reach a different conclusion: if we keep in mind the constitutive framing of economic categories then we have to analyze the *genesis* of quantitative categories and not assume they are absolute or unquestionably given. For instance, the phenomenon of capital can be treated as a pure quantity independent of social relations in which the evaluation process occurs, that is, an independent variable. As Sraffa argued, then there would have to be a measure of capital independent of its price, or as we would say, its value. But to provide a stronger argument: a measure of capital exists only with a certain framing. After all, we note clear critical observations concerning certain mathematical operations considered sacred such as regression analysis and significance testing bear the index of non-neutrality in empiricist economic orientations (Deirdre McCloskey and Stephen T. Ziliak 1996; Vistoria Chick 1998; Ziliak 2005). This also includes the criticism of a dogmatic mathematization of economics despite the "repeated failure" of mathematical-deductive procedures (Edward Fullbrook 2009, p. 170).

We must, return to Knight. When he polemically uses the term value in his non-positivist orientation, he focuses on the act that produces the value-judgment. Breaking from the dichotomy between facts and values (Kosta Josifidis and Lošonc 2007), value and effectiveness, he certainly deconstructs the belief that the value-free analysis of the economy is possible after all. He does not consider that value must be concealed or only implicitly assumed in order to achieve professional success in economics. We can convincingly deny that economic formalism and axiomatization are neutral and represent a kind of automatism that leads to objectivity. Theoretically, formalism and axiomatization with specific mathematized relations offer a beaten path that allows us to deduce the objective claims about economic reality. Accordingly, propositions can be constructed in causal chains that are not relative to anything and are not dependent on any kind of context. However, formal techniques do not lead to objectivity *per se*; they always depend on a certain framework of sense that makes them applicable. They have their own determination only on the basis of the given historical era; more precisely, they are defined within a network of historical events. In any case, here we can proceed towards a conditional normativism of a sort. But is this the same category of value we mentioned a moment ago when we stated the objective and subjective theories of value in the history of economic theory? Is there a coincidence between understanding value as an expression of socio-economic relations in which there is no intrinsic and innate determination and the meaning of goods, treatment magnitude of value and value-laden judgement?

We should also mention that value-judgment is a starting point for the institutional school's significant representative Warren Samuels (2000, p. 17). In one paper he argues that where value is embedded into the interest-organization "the overriding question on which value problem and the valuation touches all are 'Whose interests are to count?' and conversely, 'Whose interests are to be sacrificed?'".

In doing so, Samuels (who perceives institutionalism as an agnostic approach in terms of normativity and value-laden statements) makes it clear that for him values are "ought to be" or "choice of goals or objectives, the formation of priorities". This inspires him to prove that on the example of Pareto-optimality, there is no uniquely-efficient solution to the problem. In other words, the plurality of solutions is derived from the fact that there is always a different allocation of resources and the law governing the use of common resources. If we understood correctly, he also deconstructs value, identifying it with prioritization or the establishment of ranks between aspects of value. Accordingly, value does not correspond to any kind of objective-transcendental content but is manifested in differentials, that is, in the ranking process. In any case, by setting value in the area of the conflict of interest, he treats value as an agent-relativistic phenomenon which calls into question impartiality as the undisputed scientific ideal of objectivity.

The critical intervention in relation to "rigid objectivism" and ideological neutralism which boasts its heuristic devices enters feminist economics. Judith Nelson finds that science, and consequently economics that aspires to the status of "mature science", is intrinsically based on value projections. The "modernists" affirmed a value-free science in the belief that matter has no inherent value and destroyed this important fact. In other words, the modernists (translated: mainstream economics) projected value into the value-free science, and contrary to their expectations in relation to "cool-neutrality", they have demonstrated their "passion for dispassion" (Nelson 2003, p. 57). Nancy Folbre viewes economics in the context of gender-structured cognition and argues that "culturally dominant conception" places masculine values at the top of the hierarchy. And that is relevant for the current, culturally specific paradigm of objectivity which culminates in value-detachment in relation to the knower and researcher. Instead, she proposes a "gender-value compass" which reconstructs the value plan according to the deconstruction of the dichotomy between the current value patterns. It implies the reconstruction of economics in terms of conceiving economists not as mathematicians but as "anthropologists" who focus less on the technique of musing but concentrate on "hobnobbing with data", that is, as subjects that go beyond the norm-free understanding of rationality (Nelson 1996, p. 128).

In fact one can judge that if "we leave off musing and regression running on secondhand data, I predict we will be amazed at the doctrines which fall" (Barbara R. Bergmann 1987, p. 184). It is particularly appropriate to highlight that feminism is not thematic in the sense that it touches only the particular interests of women; on the contrary, it should reflect a point where the discussion concerns all, the level of universal reflection. It is not enough to say that identities are formed by cultural structures that they are constructs because that does not yet affect the main nerve of the problem. Labour, labour force, sexuality, poverty, power, separation of the public and private, and the ideological character of this duality are the inevitable dimensions. One must consider these very categories in order finalize of the results and demonstrate the social conditionality of even such categories as technically specified cost-effectiveness. We should keep in mind that when the 1960s Cambridge controversy ignited, one role that was played is the significance of several quantitative categories. So the debate was about the meaning of the production function, but also about the meaning of the term of the neoclassically projected concept of the quantity of capital. What is the meaning of the production function in relation to the entire output? Does quantity of capital have a meaning in marginal analysis without taking into account the rate of profit, or is the marginal product of capital simply irrelevant? When it is critically stated that the neoclassical notion of capital without price is empty, then the unconditional character of (arbitrary) quantities is criticized. We are far from reaching the quantitative aspects indication of value. Getting at quantity through this route is a roundabout method.

All of the above cases show infiltration of value-related expressions in the economic domain, even where supposedly neutral technical problems are articulated. Alternatively, we can say that we have encountered value-structured decision-making process in economics everywhere. The examples show that even the implicit assumption that the area of economic theory is independent of a value pattern is unsustainable. There is necessary connection between the place someone chooses in one area, and the place it occurs in the second. At the same time, we accept the heavily discussed plurality and incompatibility of value patterns in the present epoch. Further, some values are not nests for some metaphysical forces or fixed units, but are contestable or the subject and the horizon of conflict between economic subjects. Values do not occur as metaphysical entities but as orientations which include the processes of ranking and metaranking. (A characteristic of neoclassical economics is that it confuses prioritization favoring one option with the act of choice.) They are not permanent characteristics of goods but are exposed to discursive articulations within the process that we have identified as socio-economic framing. *So, it should be acknowledged that economic actors do not just take value horizons as given, but rather their efforts exploit the fact that they influence the perception of economic subjects by changing value patterns* (Euklid Tsakalotos 2005). Value is a practical *meta*category; economic agents are constantly fighting for social framing of their economizing. We could even say that this is a political stake. In other words, the ranking of value is conducted on the basis of participation in economic structures. Valuation is a value-in process, as the ranking of values is achieved in variable socio-economic processes. Therefore, the evaluation as ranking of values, forming of priorities is always framework-related. In this respect we can join the assessment about the desirability to formulate a "social concept of value" (Philipp Mirowski 1989, p. 691). Or we can say that value occurs in the frameworks of "social structures of constraints" (Folbre 1994). Within those constraints we can discuss the various possible applications of the theory of value: descriptive, normative, and predictive (Sen 1978). We see the convergence between values in terms of value orientation (non-existence / deconstruction of the dichotomy facts / values) and value as the "law of value", determining the fluctuations of quantity in the economic domain. In the first and second cases, value condenses certain historically-specific social relationships. Accordingly, it is correct to speak of the intersubjective character of value that indicates the social horizons of every quantitative order and criticizes the dogmatic Euclidean understanding of economic space (Fullbrook 2002). That is essential for economic reasoning. A concrete economic analysis cannot be conducted without the affirmation of quantitative aspects. However, value is the non-measurable framework for economics that allows measuring. Namely, the value of such a metacategory is extremely important because it renders the possibility of a *practical-significant quantitative analysis*. In other words, value as a practical metacategory occurs as a condensation of historically specific relations, as an event which is the result of various interactions. And consequently, each quantum, every quantitative aspect appears as a historical modality in terms of practical relations of economic agents. Numerical analysis can become relevant only in the sense that we recognize quantities as entities within certain relations. We tend to talk here about the quantitative dimension in the sense that it is just an expression of "contingently necessary" (Bob Jessop 1990, p. 12) tendencies that summarize the multitude of interactive determinations. This means that any quantitative relation is relative to the historical framework in which it arises. Value does not share the same conceptual level as the explanation of quantitative correlation, regression, etc.; meaning that the *relations* between values and a quantity for example, prices can not be treated linearly and by a logic of continuity (Daniel Hausman 1989). Numerous misunderstandings arise if values and the quantitative entities are articulated in the absolute quantitative perspective, in a conceptual continuity created by a direct connection between value and price. One should always add that the value and quantity of natural resources, at least in the form of pricing, cannot be found on the same continuum. In other words, the relation between quality and quantity is overdetermined by social relations compared with quantitative logic. The deductive-empiricist approach is based on assumptions such as the intentional-causal-centered subject, in order to dissolve the qualitative relations into empiricist-quantitative relations. For us, the relationship between quality and quantity can not be simplified to a mono-causal relationship. First, we must consider the concept of determination, which is more complex than a causal relation. The emergence of quantitative analysis through mathematics cannot be optimized but can only be contextualized. In other words, "because of this fact, there was no single unique way that mathematics could or should enter economics, contrary to those who see it as some generic species of rigorous rational discourse" (Mirowski 1991, p. 153), "the real dispute is not about mathematics, but rather about which phenomena are worthy of theorization ... and ... worthiness of theoretical explanation is not an independently valuable characteristic" (Diana Strassmann 1994, p. 157). Quantity represents the world and does not reflect any inherent essence of the world: the algebraic structure of prices is not fixed in the pre-social domain so that economists as the experts on "quantity" could reflect it through technical procedures. An often overlooked fact mentioned by Eugen von Böhm-Bawerk (1959, p. 367), it is necessary to explain not only the existence of a physical net output but of an increase in value as well. This might remind us of the physiocratic doctrine of "produit net", the *physical* character of excess, without any value. In a long discussion after Sraffa's book *Production of Commodities by Means of Commodities* was published, some economists (Steedman, etc.) claimed in a neo-Ricardian manner that value was redundant and social criticism could be concluded without relying on a separate value entity (John Eatwell 1975; Riccardo Bellofiore 2008). Of course, if value is redundant, then Böhm-Bawerk's intervention is unnecessary, but it does not match the argument monitored here. Value is not just a "word" as Robinson says. It is *the* word, a certain linguistic entity, if we want it to be, but it is a significant-practical "word": a phenomenon for reflection of economic relations which can never be simplified to relations between economic agents and goods. Value is not a redundant category for economic analysis because it evokes the embededdness of economy in society. This is the heritage of the classical economic theory, as well as Marx.

3. Power as an Inevitable Aspect of Value: A Few Examples

Evaluation in the form of framing can not be imagined without the aspect of power. Evaluation involves the processes of contrasting and comparing, and the activity of creating quantity in certain social frameworks. In economic methodology, apriorism and ultra-empiricism have always been hot topics. The first purified the orientation expressions of empirical evidence; the latter transformed the empirical aspects into statistical relations. Value here was not set on an apriori-transhistorical level, nor does it blend in with undifferentiated statistical evidence, because value is always a framework in which economic agents represent the ranking of different alternatives in the framework of social processes, the relevance of certain alternatives. Where is the interdependency between the value and power?

It would be an exaggeration to think that economic theory is indifferent to power. In the 1930s, D. H. Robertson described a company as a location of "conscious power", although this was later forgotten and the company placed on the same continuum with competitive exchange. Mehrdad Vahabi (2004) recently gathered numerous significant considerations regarding power in economics, focusing on the "political economy of destructive power". Nevertheless, there is a substantial reductive element in mainstream theory. It inclines toward treating power as a deviation in relation to some unconditional imperatives such as the equilibrium. Thus, in neoclassical theory, we notice that power is subsumed under the determination of prices treated as an exogenous category entering economics from outside (Walras was able to prejudice the absence of power from competitive exchange, Böhm-Bawerk created the thesis "economic law *or* power"). Still yet from a functionalist starting point, power relations are an effective solution to problem-related situations. Accordingly, power is a certain form of *excess*, or even a transient state, but without effect on the structuring of actions of economic agents. For other neoclassicals, power is teleologically articulated in the sense of being harnessed in a cumulative efficiency dynamic; i.e., power and its related phenomena exist only in the sense that they support the smooth progress of economic efficiency. However, this dramatically reduces the relevance of power for economic analysis: if it is necessary to "complicate" the economic discourse, like Hirschman suggested, than it is extremely insufficient to talk about power as an instrumental phenomenon which is "used" to affirm unconditional efficiency. It is not therefore accidental that heterodox economics, by contrast to mainstream theory, favors a treatment of power. Recall John K. Galbraith and his concept of countervailing power that once caused a multitude of vehement criticism (Galbraith 1979; Steven P. Dunn and Steven Pressman 2006; Stefan Kesting 2010). Or more recently we record the works of Samuels Bowles and Herbert Gintis (1988, 1992, 1993) regarding contested exchange (due to contractual incompleteness), politically structured production processes with criticism of the irrelevance of command and the interpretation of enforcement rent. The presentation of the economists as "servants of power" is a critical self-reflection in relation to the economic discourse (Bowles 1974; Thomas E. Wartenberg 1992; Gulio Palermo 2007a, b). We must also note that the institutional school has dedicated extraordinary chapters in relation to the treatment of power, from Veblen onward (Kenneth Nowotny 1979; James H. Street 1983; Philip A. Klein 1987; Eric Schutz 1995), recognizing that the economic category (and performance) can not be completely exhausted by technology and market dynamics alone, but elements of command, laden-coercion choices emerge, etc. when the elements of power appear. Concepts that may appear here include: exploitation, coercion and power. There is no commonality between these terms but they each influence the perception of value. We will not spend much time on exploitation, although it attracts attention of scholars of different orientations, but rather start with the phenomenon of coercion. It is a bit surprising that none other than Paul Samuelson (1966, p. 1415) indicated the *endogenous* status of coercion in economy. Namely, when he says "the price system is, and ought to be, a method of coercion" he exposes the rigid dichotomy between market coordination and the mechanism of coercion. This comes as a surprise for a theoretician who said, "in a perfectly competitive model, it really doesn't matter who hires whom; so let the labour hire capital". But if it is assumed that the economy is characterized by mutual coercion (rather than mutual freedom), then one possible interpretation leads to a situation in which there is equilibrium of coercion, *without asymmetry* between economic agents. It would not be a system of voluntary exchange, but rather a system without asymmetry with complete substitutability of economic agents. However, this does not match the real description of economics. We are actually interested in the fact that *if* coercion is an *internal* aspect of the price system, then it is excluded so that the market may be designed as a system of freedoms of isolated entities that cause their own preferences. If economic agents carry out economic activities within a framework where coercion is structural and systematic in nature, then the standard market dichotomy logic where economic agents act without interference of other agents and the state and its apparatus, which perform with immanent coercion must be deconstructed. This overlaps, at least at one point, with *mutatis mutandis*, with the understanding of economics by the institutionalist Samuels (1995, p. 340) as a "system of mutual coercion". Having in mind that he points out that the "coercive potential residing in private property", and "in all loci of participation in the decisional process". It is quite clear here that there is no situation in the economy that is otherwise normative for libertarians, a situation characterized as non-interference, because coercion is rooted in the economic act. Samuels thinks of power as the capacity of an economic agent to practice the resolution with which someone may be forced. In other words, he constructs a strong connection between the power and coercion, a "coercive capacity of power", which he applies in numerous economic situations.

Before further reference to the concepts, let us look at the following examples to demonstrate these claims. Michal Kalecki (1986) is relevant not only for his articulation of the mark-up procedure (which is significantly expressed during crises) regarding the creation of prices on the oligopolistic market, but also for his interpretation of the political aspects of employment. In addition, unlike Samuels he does not project the possibility of coercion on all possible economic organizations (thus losing the tone historicity), but keeps in mind the historical-specific epoch of capitalism. In one article, he explains the structural animosity of the employers towards full employment and demonstrates the incompatibility between the long-run survival of the capitalist enterprise and the phenomenon of full employment. By showing the multi-dimensional relations between the level of employment and the potential of unions in terms of bargaining, he outlines a political theory of conjuncture cycles. Of course, we must be aware that every aspect of Kalecki's argument may be understood only if we take into account his theory of distribution, the idea of "protecting profits during depression" reference to the oscillations of rental prices toward the oscillations of prices of raw materials, the relations of prices and costs in the short and the long run, etc. He elaborated each in his works, but we can now ignore them for the sake of our argument. Most important, he circles around the antinomy between "pure" rationality with respect to such quantitative categories as profit and cost and hegemony in governance of value conflicts. Thus, he assumes that profits could be greater in a situation of full employment than in other situations with the current level of employment. He further assumes that due to the increased bargaining power of workers and the increase in rent, there will be no reduction in profits (only a reduction in rent). We would just add that this is related to his theoretical profiled criticism in relation to the conviction that the movement of profits and wages is a zero-sum game.

However, Kalecki is categorical in terms of expected flows: employers will prefer discipline in relation to the possible efficiency. More precisely, we can explain why more employers would prefer labour discipline than increasing profits. Here we have a clear appreciation of the fact that there are conflicts that mediate different opportunity sets and decision-making for the heterogeneous economic agents; we were able to observe this with the relations between employers and workers. There is a structure of coercion here in the sense that the employer's decision strategy has an impact on the opportunity sets and the choices of others. Undermining full employment implies the existence of involuntary unemployment and if the chance of alternative employment is less than 1, then:

(i) forced unemployment, i.e., wavering from full employment, is nothing more than forcing a particular mode of discipline on workers, (Kalecki prejudices tendencies of neoliberalism in terms of disciplining labour through its shaping as a nonscarce input);

(ii) loss of employment is a threat to workers (here we refer to processes of extraction of labour from the worker) and which is, in different interpretations defined as one of the traits of coercion, because it treats the labour power as a nonscarce input in the competitive dynamics on the labour market (Carl Shapiro and Joseph E. Stiglitz 1984; Jon Elster 1985; Serena Olsaretti 1998);

(iii) the imposition of a lower level of employment in relation to full employment is *at the same time* paternalistic and coerced; it may be expected that the legitimacy of such measures may be paternalistic because it "will be selected with the goal of influencing the choices of affected parties in a way that intends to make those parties better off" (Richard Thaler and Cass R. Sunstein 2003, p. 177); coercion is therefore illegitimate in the modern economy.

All this broadens horizons and rational-choice model's selection in the context of constraints such as time, income or other dimensions because it includes power as its constituent factor. For, hegemony cannot originate directly from the material incentives or economic performances; every economic category is power-inclusive. It is not being myopic or irrational. Of course, it is not mutual coercion in terms of equilibrium. Capitalists may prefer suboptimal economic performances for the purpose of implementing a certain structure of social constraints, which enables a smooth flow of business-enterprise for them. As a constituent category in the economy, power performs the deconstruction of the quantity as an unambiguous entity. Kalecki even points out, at least indirectly, the fact that the same structure is supported in order to achieve certain value forms (market discipline, market as a transcendental framework for the coordination of human actions, etc.). He shows what we argued – that economic agents are not just focused on the economic performance but also on the modeling of value forms which act as qua social constraints. We can put it differently and say that power in this case enables the transformation of material existence as well as the social register of experience. Capitalists structure the field of possibilities for every economic agent. *As an orientation entity, value is a unit within the structured field of possibilities.* Whenever a strategy is being promoted in a paternalistic manner (e.g., trickle-down-logic which is based on paternalistic meanings to a great extent), it means that the *evaluation processes* are being influenced.

Let us take a look at another case in order to confirm our conclusions: market power, which is commonly a subject of economic analyses; in some interpretations, it is the only meaningful form of power in the economy (Knut Wolfgang Nörr 2001). Obviously, if we assume that economic agents have power only over property and assets, the whole discussion weakens (needless to say neoclassical economics can never compete with phenomena such as Thorsten Veblen's conspicuous consumption or demonstration effect by James Duesenberry). Turning the ocean of market exchange into a sequence of manifestations of mechanically formulated competitive pressures *neutralises* the key economic categories in terms of power (e.g., property assignment rights). However, there are not only contestable markets in theory, but we witness non-routine situations on the market which condense the manifestation of power. If we talk about the incompleteness of contracts in the Herbert Simon style, then we can say that markets, as social constructions, are also constantly incomplete and subjects to reconstruction. Markets are promoted in relation to coercion and constraints; the "power to make a market", participation in the market or freedom of entry, have been considered in defence against attacks on economic freedom. However, the fact that a market is a *social construction* (and not the emanation of some metaphysical essence) implies the manifestation of power in the creation or shaping of the market. What are the implications?

William Kingston (2000) researched different cycles of property-rights in economic history. He starts from the fact that property-rights truly represent the engine of development but also shows the occurrence of the cyclical deterioration of the "civilizing" power of property rights concerning unmitigated self-interests. He links these cycles with a "paradigm" of market power. By indicating the entropic character of the property-rights cycle, he actually suggests the necessity of explaining "irresponsible ownership" and diminishing the importance of "social-responsible property" which reaches its peak in the globalizing world order. His most significant conclusion for us states paradoxically, market freedom is nowadays not promoted for the freedom of entry but is promoted "to unmake" the market, "to find ways of escaping the constraints, especially in terms of price which market forces seek to impose". At the same time, his analysis (especially of industrial protection, licences and intellectual property, persuasive market power, and "the problem raised by contemporary property rights is that those who own property are increasingly tending to be the effective law-makers also") is firmly rooted in the present so he describes the "unmaking the market" as a *paradoxical* form of freedom *in relation to the market.* If we understand this correctly, Neo-liberalism is precisely the type of property-rights cycle which implies such property forms and which systematically creates the conditions for unmaking the market. Apart from this, we can clearly gather from this example the non-neutrality of property entitlements. The structure of property rights determines the cost effectiveness of every economic agent. The incompleteness of markets is materialised in the fact that they are constantly in the process of making and unmaking. What our two selected examples have in common is the power: *certain economic agents influence other agents so that they provoke particular activities.* Power can emerge only where the agent's behaviour *is not fully determined,* the case with modern economic agents. Otherwise, the term "choice" makes no sense. If this is the way we understand power, it means that manifested power can appear *along with* the act of choice or decision and that it is a congruent relation. Choosing one alternative does not induce the absence of power; these are not alternative indications. Only then can we explain something that is actually a challenge for economic explanation, for *modus operandi* of the economic explanation how can there be voluntary exchange which at the same time condenses power? It is no longer of use to synthesize voluntary exchange and self-interest. In other words, "To 'conduct' is at the same time to 'lead' others (according to mechanisms of coercion that are to varying degrees, strict) and a way of behaving within a more or less open field of possibilities... The exercise of power is a 'conduct of conducts' and a management of possibilities" (Michael Foucault 2000, p. 86; Luigi Bosco 2011). *The economy is a synchronous structure and a diachronic process of evaluation in which the economic agents asymmetrically conduct the conducts of other agents*. With this definition we also avoid the problem which often appears in economic analyses that are only dyadic in nature; we programmatically emphasise the importance of multiplied relations.

It should be kept in mind that the abovementioned fact cannot be used often enough in the neoclassical criticism of monopoly nor in describing power over prices and quantity, nor even in the theory of imperfect competition developed in the 1930s (although it suggests a certain power of companies) and in referring to the failures of the market. If we, let's say, focused our attention on the failures of the market, we would be entrapped in believing that power is only a manifestation of insufficient perfection, which would narrow our view of power. We can comprehend the market-power paradigm only when we begin to see economics as "social control" (Samuels 1989, 2000). We would rather say that what we have here is gaining power for the purpose of the social control. What we have stated so far is not the negation of the existence of economic freedom in the present-day economy but a paradoxical fellowship of freedom, coercion and power.

4. Conclusion

Value appears to be problematic when it comes to the *autonomous* economic sphere and reflection, that is, in the modern period. This explains the rise of the value analysis in classical economics. It emerges only when there is no more intrinsic definition of things, so within the "monetary limit" and via communication, they (things or goods) get *a value stamp:* value is a social feature. We explained this as value / values in the process / evaluation. The value indicates the social determinism of economic entities and thus deconstructs understanding of values as a certain element in the choice structure of a rational economic agent. We also understood the value as a system, synchronously, and as a process within social framing, which implies that the value forms are also diachronically defined. Furthermore, we linked the value with the ranking process while separating it from the process of choosing and especially from understanding the (non-contextual) choice in mainstream theory. We also explained the status of quantitative determinations but in the light of values. We were eager to show that the power is the immanent determination of value, that is, it has to be regarded an endogenous category. We understood power by means of strategic rationality, that is, by influencing the activity of other agents in the reflexive manner.

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Appendix

Ugo Pagano (1999, p. 54) differentiates three types of properties:

(i) Private property: an individual *i* consumes a quantity x_i of x, the second agent consumes no unit of x_i;

(ii) Public property: an individual *i* consumes a quantity x_i of x, and all agents consume unit of x_i; here we have positive externalities;

(iii) Positional property: an individual *i* consumes a quantity x_i, and the second individual must consume an equal but negative quantity $-x_i$; here we have negative externalities.

Relying on Fred Hirsch's theory (2005, p. 27) on positional property (Frederic Lordon 2010) Pagano claims that power (as well as prestige and status) is the positional property, therefore completely opposite in the meaning of the public property. To be fair, other individuals are involved in spending when it comes to public property as well; however, in the case of the positional property, spending always has to be *negative:* "it will be impossible for individual *i* to exert or consume a positive amount of power if individual *j* does not consume negative amounts of it. It is impossible for one individual *i* to dominate if the other individual *j,* is not dominated. While one agent is spending the power *positively*, the other is doing it *negatively.*"

An important element of performance is the phenomenon of social scarcity, which we agree with. Here, we do not have the case of operating with fixed and limited natural offer as in the case of natural scarcity, but the scarcity modes are socially mediated because the demand with regard to them is created by social mechanisms. After all, the creation of labour is something we recognised as well in the case of Neo-liberalism. We should hardly say that the competition for positional property can lead to a misallocation of resources. We also agree with the existence of positional property which explains the dynamics of economic processes.

However, our intention is not to disclose power as a property which can be qualified on the property scale. There are certain properties which can be used in the affirmation of power, there are power resources, *but power as a property which cannot be appropriated is inexhaustible.* Apart from this, Pagano's ideas belong to a particular tradition which makes no difference between power and dominance. However, it is a rather poor view of the situation. We would not be able to understand many notions in economics as well if we accepted such interpretation, for example, in the field of consumption (persuasion power, etc.) Hirsch, (who intentionally speaks about capitalism as a "value-system") also refers to leadership as one of the paradigmatic forms of the positional property and it cannot be equated with dominance. It has more to do with *the constitutive moment of a strategic constellation* and with the expression of strategic rationality in order to obtain the conduct of conduct, "it is the name that one attributes to a complex strategic situation in a particular society" (Foucault 1980, p. 93). *We would say that a person influences another individual in order to produce a certain response in the latter.* It cannot be presented as a mere application of a zero-sum game. Only within the framework of such strategic constellation can we say that *values become facts.*

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