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Surplus productive process and surplus value.

Joseph A. Schumpeter, History of Economic Analysis, OUP 1954, ⁸1974
on Ricardo & Marx, labor theory of value, pp. 590-598.

Nicholas Kaldor, "The Irrelevance fo Equilibrium Analysis,"
EJ 82 1972 1257-1255

Marxian notion of surplus value is the basis of his charge that
employers exploit laborers.

Marx took over Ricardo's labor theory of value, and concluded
that the value in any product was due to the work embodied in
it.

But that work was due to the laborer.

Therefore the ~~x~~ employer's profit must be exploitation.

NB It is a piece of microeconomic theory: it has to do with
the dealings of employers and employees.

In contrast, surplus productive process is an element in macro-
analysis.

According to macroanalysis, profit arises from the price spread
between costs and ~~whiff~~ selling price, and that spread is
due to the fact that money earned in the surplus pprocess is
spent on standard of living, while profits earned in the
basec process are invested in surplus outlay.

Kaldor (EJ 1240) (BL 12)

argues that general equilibrium theory has the stage where
the pure theorist has successfully (though perhaps inadvertently)
demonstrated that the main implications of his theory cannot
possibly hold in reality, but has not yet managed to pass
his message down the lixne to the text book writer and the
classroom.

"The difficulty with a new start is to pinpoint the critical
areas where economic theory went astray. In my own view
it happened when the theory of value took over the centre of~~x~~
the stage -- which meant focusing attention on the allocative
functions of markets to the exclusion of their creative functions
-- as an instrument for transmitting impulses to economic
change.

Starts with Adam Smith, Wealth of Nations, vol. I, chapter 4,
follows with more or less continuous development of price theory
from the subsequent chpaters of Smith through Ricardo,
Walras, Marshall, right up to Debreu and the most sophisticated
present-day Amer9icans.