

A WORLD TO WIN*

The Political Economy of Neoclassical Marxism

A new movement in Marxist thought has emerged in the past two decades. Between the extremes of the purely mathematical treatment of Marxist economics found in Morishima [1973] on the one hand, and the purely philosophical treatment of historical materialism in Cohen [1978] on the other hand, several thinkers—John Roemer, Jon Elster, Richard Miller, Alan Buchanan, among others—who are technically sophisticated in both contemporary social science and contemporary philosophy have raised the level of discussion of Marxist thought to new heights. Along with this new movement has come a shift in emphasis, if not direction: topics such as alienation, the dialectical method, commodity fetishism, and the role of the Party have largely been put to one side in favor of topics such as the theory of explanation, distributive justice, scientific methodology, exploitation, and economic theory. Indeed, the distinctive use of neoclassical microeconomics has given rise to the generic label ‘Neoclassical Marxism’ for the whole movement.

There is much that is valuable in this enterprise: its insistence on high standards of rigor and conceptual clarity, too often absent from Marxism; its integration of contemporary philosophical and economic thought into areas once considered beyond the fringe; its informed critical stance, which also manages to be sympathetic. Perhaps more valuable than anything else has been its demonstration, by example, that interest in Marxism can be intellectually respectable according to contemporary canons of respectability. Or, to put the point colloquially, you don’t have to turn your back on a hundred years of progress in the humanities and social sciences to do serious work on Marxism. This may be the lasting contribution of Neoclassical Marxism, at least in anglo-american circles.

Roemer [1988] is a particularly good example of Neoclassical Marxism. It summarizes and expands upon the technical results of Roemer [1981] and Roemer [1982], while carefully paying attention to the historical and philosophical context in which these results have their application. The aim of Roemer [1988] is lucidly stated in the Preface (vii): “to trace the connections between the economic concepts of Marxism and the ethical ideas to which they are related.” Roemer’s method is also clearly stated (*op. cit.*): “[t]he revised Marxism I present is shaped by the insights that

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the tools of contemporary economics—that is, neoclassical economics—can bring to bear.”¹

Indeed, the main bulk of Roemer [1988] is given over to the attempt to derive Marxist theses regarding classes and exploitation in a neoclassical form, and rejecting those which cannot be so derived.

The results are rather surprising. To list only some of the contentions put forward in Roemer [1988]: the labor theory of value is false (51); exploitation² drops out the picture as not being of “fundamental interest” (89), and is of derivative interest only as an index of inequality (103); under capitalism, “no one is coerced (in any normal sense of the word) to sell his labor power” (32); social classes are not essentially related to exploitation, but rather stem from the differential ownership of productive assets (76); agents “choose their own class position” as a consequence of optimizing behavior given their initial endowments (80); the existence of a labor market is not a necessary feature of capitalism (96), and, for that matter, neither is a capital market (103). On the positive side, having identified the differential ownership of productive assets as the fundamental form of inequality at the heart of capitalism, Roemer introduces a ‘general property-relations’ approach to exploitation (133), describes exploitation under socialism (140), and concludes that the Marxist normative critique of capitalism is, essentially, of a piece with contemporary theories of justice, differing primarily in “the different counterfactuals that lie behind the moral judgments being made” (137).

As a specimen of Marxist thinking, all this seems to be rather like Hamlet without the Prince of Denmark. The conclusions that Roemer has reached might provoke skepticism about his project—or, more exactly, skepticism about the way in which he carries out his project: the project itself, namely the careful analysis of the normative critique of capitalism offered by Marxism, is an eminently sound and worthy one. And it is clear that the workman is worthy of his hire: Roemer is extremely well-informed about Marxism and neoclassical microeconomics. Nevertheless, it seems clear that something

¹ See also Roemer [1988] 7: “My approach to Marxism is that of a contemporary student of economics and political philosophy. I wish to study the logic of the ideas and the internal coherence of the claims.”

² Roemer is careful to state that he is speaking of what he calls exploitation in the ‘technical sense’: “Exploitation is said to exist if in a given economy some agents must work more time than is socially necessary (longer than the socially necessary labor time) to earn their consumption bundles and others work less time than is necessary to earn their bundles” (Roemer [1988] 20). Note that this definition is more limited than Marx’s; it does not include either the relational character of exploitation, nor its coercive character.

has gone wrong.³

Now I do not want to object to Roemer's conclusions simply because they are at variance with traditional Marxist thought. Insofar as we hold on to the hope of scientific socialism, we are free to claim that traditional Marxist views are incorrect or confused about any number of points. Otherwise there is only scholarship at best, and veneration at worst.

However, we can ask whether the analytical tools provided by neoclassical microeconomics are the right tools for the job. There is certainly no barrier in principle to the use of any given theoretical machinery to help render socialism properly scientific, including neoclassical microeconomics. Its absence from traditional Marxist thought is certainly no grounds for rejection: compare the inappropriateness of rejecting the use of molecular genetics in evolutionary biology on the grounds that traditional Darwinian theory didn't use it.

Yet even if there is no objection in principle, there might be specific objections to the use of neoclassical microeconomics in clarifying Marxist thought—that it does not provide the right tools for the job at hand. For, as I shall argue, neoclassical microeconomics incorporates presuppositions which are not normatively neutral, and indeed not compatible with Marxist thought generally.⁴ Rational choice theory, in its particular incarnation as neoclassical microeconomics, is not an adequate account of all aspects of human activity—even of so-called 'economic' activity—though it may be appropriate to more limited areas.⁵

The classical route to this conclusion is to endorse the traditional Marxist account of ideology: 'economics' is not an autonomous and normatively neutral discipline—which is perhaps why Marx himself is always careful to refer to it as political economy—but rather is a series of ideas specific to a particular social formation, capitalism, whose functional role is to reinforce and justify the dominance of the capitalist class.

I see no reason to quarrel with this classical approach. But, as it stands,

³ That is, with respect to the conclusions described on the preceding page. There is much else of value in Roemer [1988]. I have chosen to focus on his controversial conclusions for obvious polemical purposes.

⁴ This is not to deny that rational-choice models can be applied to good effect to particular cases in the context of Marxist thought. Nevertheless, such rational-choice models are more at home in the analysis of the social thought of, say, Hobbes—see for instance the works of David Gauthier and of Jean Hampton.

⁵ The traditional Marxist criticism of rational choice theory, in its guise as neoclassical economics, is that it is all too accurate a portrayal of a world gone badly awry—the 'inverted world' of capitalism. That is, capitalism's theoretical self-understanding accurately portrays the degraded world of capitalism.

it provides at best only a sketch of what exactly is wrong with neoclassical microeconomics; it is not itself an explanation why neoclassical microeconomics is inappropriate. (Indeed, it might be thought to be peculiarly well-suited for analyzing capitalism, as a part of capitalism's theoretical self-understanding.) Labelling a particular set of ideas an 'ideology' is no better than name-calling without an account of ideology, and why a given set of ideas is an ideology, to back up the charge. So I shall put questions of ideology to one side, and concentrate on directly identifying the questionable presuppositions embodied in neoclassical microeconomics as a branch of rational choice theory.

First, the relation between rationality and rational choice theory. In an argument famously associated with Davidson [1980], the interpretation of action in terms of belief and desire depends on the attribution of rationality. Informally, an agent is rational when she acts to get what she wants given what she believes. But this thin conception of rationality does not entail the thicker conception of rationality used in neoclassical microeconomics, which is identified with optimizing behavior in market interaction (an agent is rational when she acts so as to maximize her expected utility). To see why this should be so, let us take a closer look at the fundamental concepts of neoclassical microeconomics, namely utility, indifference, rationality, market interaction, private property rights, and mutual disinterest.

Given an agent's individual preferences over a set of states of affairs, utility is a measure-function defined over outcomes representing relations of preference: if there is a weak total ordering of such outcomes which is transitive, then utility can be defined as an ordinal measure, which is sufficient for most purposes in neoclassical microeconomics. Further assumptions, namely monotonicity and continuity, are required for utility to be a cardinal measure. Since the ordering-relation is weak—ties are permitted—an agent's choice allows for indifference among alternatives, which is a non-explanatory description of the agent's behavior. Clearly, the presumption underlying the use of these concepts is that an agent's desires are all commensurable; an agent is represented as having a single fundamental need, the need for utility, which may be equally well satisfied with different 'consumption bundles' of various goods, with regard to which bundles the agent is indifferent. Given this presumption, rationality is identified with the maximization of (expected) utility. These concepts are sufficient to define individual rational choice under conditions of certainty, or so-called 'parametric' rationality.

The remaining three foundational concepts of neoclassical microeconomic thought describe the case of interaction on a purely competitive market. For

market interaction, “[e]ach person is assumed to want to consume as many products as possible, and as much of each as possible, although desire is assumed to diminish as consumption increases. Each also wishes to provide as few factor services [used in production], and as little of each, as possible, and here the desire not to provide such services is assumed to diminish as one’s supply of those services diminishes.”⁶ Three associated activities take place in market interaction: production, consumption, and exchange. More exactly, productive assets are bought or hired, and goods for (private) consumption are acquired; these simply are the kinds of exchange which may take place on the market. Yet in order for such exchanges to take place, there must be private property rights: an agent must have exclusive control over what is owned, reaping the benefits from its possession and managing it without interference, as well as having the power to dispose of what is owned at will (the power to alienate what is owned). This includes private property in all productive assets, and hence in the agent’s natural abilities, such as the capacity to perform labor. For the operation of a free market, the initial distribution of such productive assets, prior to exchange, may be taken as fixed. Finally, agents are characterized by mutual disinterest: an agent takes no interest in the interests of those with whom she exchanges. This allows the utility functions of each agent to be strictly independent, determined only by the goods she consumes and the factor services she provides.

Under these conditions, interaction on a purely competitive free market has three features worthy of note. First, it is a case of rational choice under conditions of certainty, for each agent treats the actions of other agents as fixed circumstances. Second, and more importantly, optimality and rationality coincide: if each agent acts rationally, *i. e.* maximizes her utility, then the equilibrium outcome of all actions will be optimal. This sets the free market sharply apart from most real-world situations, in which rationality and optimality do not coincide (*e. g.* in prisoner’s dilemma cases). Third, it should be clear that the commonsense notion of ‘rationality’ described above does not entail the sophisticated sense of ‘rationality’ as it applies to market behavior, which involves many more assumptions about agents and the circumstances of their interaction.

Not surprisingly, Roemer’s use of neoclassical microeconomics leads him to focus on circumstances ‘external’ to the operations of the market to provide grounds for the normative critique of capitalism. The differential ownership of productive assets is such an external circumstance, and Roemer

⁶ Gauthier [1986] 85.

is certainly correct to draw our attention to its importance. I do not want to minimize his point. Yet at the same time it is also important to point out that the fundamental concepts of neoclassical microeconomics are free from criticism, precisely because they are part of the very method Roemer uses. This is justifiable only to the extent that these concepts do not incorporate any substantive normative presuppositions. Yet they do.⁷

To begin with the most obvious case: why should we adopt the requirement of mutual disinterest? It seems to be plainly false, since people do take an interest in one another's interests; altruism and malevolence are both common phenomena. But there is a deeper point at stake here. The requirement of mutual disinterest not only rules out one agent's utility being directly dependent upon another's, which we might find to be an unrealistic but acceptable idealization, but also rules out any interests agents might have about the circumstances in which such exchanges take place. Stated bluntly, it rules out political interests: placing any sort of value on the conditions of interaction. And while we might rule out bonds of personal affection or disaffection, there is no good reason to rule out political interests.

This point naturally leads to another. How should we understand the neoclassical microeconomic models Roemer puts forward? In standard economic theory, models are often taken to be descriptive in character—approximations to real-world situations. On this score, mutual disinterest simply does not match the actual interests of actual agents. Nor can Roemer's models be taken in a purely instrumental fashion, ignoring the theoretical machinery they incorporate, where their justification is given by their overall success in allowing predication and control. His models are simply not that kind of model. Furthermore, Roemer explicitly states that

⁷ In a famous passage, Marx directly addresses—and derides—the normative presuppositions of the purely competitive free market: “This sphere we are deserting, within whose boundaries the sale and purchase of labor-power goes on, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property, and Bentham. Freedom, because both buyer and seller of a commodity, say of labor-power, are constrained only by their own free will. They contract as free agents, and the agreement they come to, is but the form in which they give legal expression to their common will. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself. The only force that brings them together and puts them in relation with each other, is the selfishness, the gain and the private interests of each. Each looks to himself only, and no one troubles himself about the rest, and just because they do so, do they all, in accordance with the pre-established harmony of things, or under the auspices of an all-shrewd providence, work together for their mutual advantage, for the common weal and in the interest of all” (*Capital* I.ii.6).

his approach is not “an empirical one” (7). But if his approach is prescriptive, then any normative presuppositions stand in need of justification.⁸ Mutual disinterest is hardly a postulate of pure reason, and an unlikely candidate for a postulate of practical reason. Roemer dismisses traditional Marxist criticism of capitalism as productive of needs and desires which are detrimental to human self-realization, for the reason that such criticism “is nonliberal, because it passes judgements on what kinds of preferences are good for people, independent of what people themselves may think” (153).⁹ But if mutual disinterest is held up as a normative ideal, then it too is ‘nonliberal,’ since it directly legislates the content of preferences. To put the point sharply: why think it part of admirable, much less actual, human behavior to exclude preferences whose content is other-directed or communal in character?

Consider another feature of interaction on the free market, namely its characterization of rational human activity in exchange as purely parametric. There are two fundamental things wrong with this view, according to traditional Marxist thought. First, it is the very phenomenon stigmatized by Marx as ‘commodity fetishism’: the representation of a collective creation, namely the conditions of market interaction and supply/demand phenomena, as something which has to be dealt with as if it were a natural force like the weather (*Capital* I.i.4).¹⁰ The parametric rationality of market behavior systematically obscures the fact that market phenomena, and the very conditions of market interaction, are social rather than natural. Insofar as such parametric rationality is held up as a normative model, it covers over an important fact about market interaction itself: that it is, in the broadest sense, optional.

Second, the form of interpersonal interaction on the market, in the sphere of exchange, is purely instrumental: each person treats those with whom she interacts as so many means towards maximizing her own expected utility, nothing more, regardless of class position. Indeed, this is one of the fundamental normative criticisms of capitalism Marx puts forward.¹¹

⁸ It would beg the question to claim that the tools of neoclassical microeconomics are validated by their successful employment elsewhere, since that is precisely what Marxist thinking has called into question.

⁹ Roemer is right on target here: the traditional Marxist criticism of capitalism, based on a conception of human flourishing, is nonliberal. But I am at a loss to see why that should be a reason for dismissing it—quite the contrary, I should think.

¹⁰ See Ripstein [1987] on commodity fetishism.

¹¹ Marx describes the merely instrumental recognition of others as one of the failings of capitalism (Hoare 274–275): “In itself the result of my production has just as little

For capitalism incorporates a ‘systematic inversion of ends and means,’ as Agnes Heller calls it.¹² Since capitalist production is for the sake of profit-maximization, it is an inherent feature of the economic system that it treats individuals as mere means to the maximizing of profit, recognizing the individual only as a depository of produced goods. What is distinctive of human beings—the ability to develop in their needs (and thereby to develop in their capacities)—is treated as a means only, and not as an end in itself. Yet even if we dismiss this ‘nonliberal’ criticism of capitalism in general, the point remains that neoclassical microeconomics countenances the instrumental use of persons, which is clearly a substantive normative assumption ‘built into’ neoclassical microeconomics itself.

(The claim that market exchange interaction is instrumental in character could be denied, on the grounds that each party to the exchange enters into it voluntarily, and thereby treats the other not as a means only, but also as an end in herself. But the point above is unaffected by this move: it merely proves that there is a substantive normative point at issue here, one requiring defense.)

Now let us consider the activity of consumption as represented by neoclassical microeconomics. I have already noted that there is at least a theoretical reduction of an agent’s needs to a single fundamental need, utility—or, as Marx puts it, the need for the means to maximize expected utility, namely money.¹³ Since the need for money is intrinsically without limit and equally intrinsically ‘object-less,’ the only desires which are systematically reinforced under market interaction are acquisitiveness and greed. Furthermore, the satisfaction of all needs comes to be a matter of simply spending the money, of gaining private property in the object bought—of

direct relation to you as the result of your production has to me. That is to say, our production is not man’s production for man as man, *i. e.* it is not social production. As men none of us has a claim to enjoy the product of another. . . . Hence our exchange cannot be the mediating movement which confirms that my product is for you because it is an objectification of your own nature, of your own need.”

¹² See Heller [1976] 50: “The numerical growth of needs will never be able to become true wealth, because it is merely a means serving an alienated force, alien to individual human beings, *i.e.* the expansion of capitalist production.”

¹³ See Marx’s early essay, ‘The Meaning of Human Requirements’ (Tucker 93): “The need for money is therefore the true need produced by the modern economic system, and it is the only need which the latter produces. The quantity of money becomes to an ever greater degree its sole effective attribute: just as it reduces everything to an abstract form, so it reduces itself in the course of its own movement to something merely quantitative.”

mere ‘having.’¹⁴ Hence the commensurability of needs systematically discourages the recognition of the differences among the objects of needs as well as the cultivation of needs themselves. There is a parallel situation in the case of production. Because under capitalism all needs are represented as the need for money, needs which are only capable of other kinds of satisfaction are not developed—in particular, the need for meaningful activity and satisfaction through work. Rather, the requirements of production for exchange, *i. e.* sale and consumption, lead to the creation and manipulation of needs in other agents, reinforcing simple consumption, as a consequence of a social system in which production is geared towards exchangeable, rather than useful, objects.¹⁵ Since it is an open question how the conditions of human interaction should be set up, it is a non-trivial normative claim that they should be directed toward exchange as the mediating mechanism—rather than, say, dispensing with the market mechanism for the allocation of goods and structuring production directly for needs, as traditional Marxist thought proposes. The market mechanism itself stands in need of defense, rather than simply being presupposed.

Indeed, the fundamental theoretical division of production and consumption presupposed by neoclassical microeconomics itself incorporates presuppositions which are by no means neutral. For each agent is assumed to want to consume as much as possible, which is the arena for pleasant activity, and desires to produce—to provide factor services—as little as possible, which is the arena for unpleasant activity. (This is indeed how neoclassical microeconomics purports to explain wage levels.) But there is no necessary correlation between work and unpleasantness, and any postulated by neoclassical microeconomics stands in need of justification.

Yet there is a deeper point at stake here. The segmentation of human activity into the spheres of production, exchange, and consumption typical of neoclassical microeconomics has another, less obvious, effect. If homo economicus maximizes expected utility through the consumption of bun-

¹⁴ See “Notes on James Mill” (Hoare 274): “Man—this is the fundamental premise of private property—produces only in order to have. Having is the aim of production. Furthermore, production not only has such a useful aim; it has a selfish aim. Man produces to have something for himself. The object of his production is the objectification of his own immediate selfish needs.” See also “Private Property and Communism” (Tucker 87): “Private property has made us so stupid and one-sided that an object is only ours when we have it. . . .”

¹⁵ See “The Meaning of Human Requirements” (Tucker 93): “Under private property the significance [of human needs] is reversed: every person speculates upon creating a new need in another, so as to drive him to a fresh sacrifice, to place him in a new dependence.”

dles of goods, then needs are only fulfilled through consumption, not in production. In particular, this means that work itself is construed solely as an instrumental activity, one which is always subordinate to a further end—under capitalism, it is the means by which one obtains the money to engage in consumption. Hence productive activities are mere means to an extrinsic end, and not in themselves meaningful or valuable (or only accidentally so). Hence the deep presupposition incorporated in neoclassical microeconomics is that human action is only motivated by, and hence only makes sense in terms of, consequences which are realizable independently of the action.¹⁶ At best, this is a questionable claim: we certainly seem to engage in activities for their own sake, and often identify ourselves in terms of them. It is descriptively false, and normatively stands in need of further justification.

If we focus on the case of capitalism in the real world, this point emerges clearly: the market in labor-power renders labor, just like any other commodity, commensurable (‘abstract’). To facilitate such commensurability, production is developed to the point at which individual characteristics, such as talent, skill, or ability, are not relevant to the performance of the work at hand. That is, the jobs available on the labor-market become simplified, repetitive, and do not of themselves contribute to the development of any individual talents or abilities, hence intrinsically undesirable, reinforcing the purely instrumental character of work.

Let us turn now to the private property rights incorporated in neoclassical microeconomics. Traditional Marxist thought—beginning with Marx himself—have rejected the apparatus of natural rights wholesale, on a variety of grounds, most frequently nowadays because the apparatus of natural rights seems metaphysically incoherent.¹⁷ Yet it is by no means clear that neoclassical microeconomics is committed, in any sense, to a strong theory of ‘natural’ rights; all that matters for market interaction is that the in-

¹⁶ See Arthur Ripstein’s “Rationality and Alienation,” forthcoming in the supplementary volume on Analytical Marxism published by the *Canadian Journal of Philosophy*.

¹⁷ Marx offers at least two independent reasons for rejecting natural rights. First, in his early essay “On the Jewish Question” (Tucker 42), Marx criticizes those natural rights which are liberties for being inherently separative—they denote a sphere of ‘free’ activity, the exercise of which is constrained by the Harm Principle; hence natural rights represent other people as limitations of one’s freedom, rather than as the realization of it. Second, in the late comments known as the “Critique of the Gotha Programme” (Tucker 530), Marx criticizes those natural rights which are entitlements for being inherently unequal in their content, that is, for overlooking relevant individual differences; hence such entitlement-claims legitimize inequality, particularly with respect to distribution.

dividual agent be free to participate in exchanges, that is, to acquire and alienate property at will. These might be constructed as social phenomena without any grounding in metaphysics ('legal' as opposed to 'natural' rights). Hence private property rights are not ruled out on this score. But what, exactly, does the 'privateness' of private property consist in?

The privateness of private property is a matter of an agent possessing the liberties of use and benefit in something, in conjunction with the power of managing its use by others or transferring the thing to others altogether by the power of capital. These are the relevant features for market interaction. (In particular, it is important for understanding the workings of capitalism that individuals are construed as having the power of capital over their own labor-power, which then appears on the labor market as a commodity, and also that owners of the means of production maintain the liberty to benefit from others' use of it, which includes full ownership in the goods produced, as well as the power of management.) In a case of exchange, equals confront equals voluntarily: exchanges are, by definition, non-coercive. This is the sense of fairness built into neoclassical microeconomics: force and fraud are directly ruled out.

Clearly, the exclusion of force and fraud is normative. But it is not a normative presupposition anyone ought to call into question. However, we might ask why further conditions on interaction are not also ruled out. For example, the so-called 'Lockean Proviso' is a further condition on the moral acceptability of exchanges, but not one which is part of neoclassical microeconomics. But let that pass for now. I want instead to focus on the normative neutrality involved in exchange, as defined by neoclassical microeconomics, for this point is, I believe, intimately related to Roemer's analysis of exploitation—and, since it is a central result of his researches that "there appears to be no reason for an interest in the technical measure of exploitation, calculated in the classical Marxist way," it is worth examining this point closely.

In the case of capitalism, then, the 'private property' of the worker in her labor-power appears to be the same kind of relation the capitalist has to the means of production; each worker engages in a non-coercive bargain with an employer. Now the traditional Marxist analysis of this situation is that the appearance of 'fairness' here is at best spurious: the worker receives the exchange-value of her labor-power as a commodity, while the actual labor which she performs creates commodities with a higher exchange-value (thus permitting the valorization of capital).¹⁸ Note that this description does not

¹⁸ The difference between the exchange-value of labor-power and the exchange-value of

depend on the labor theory of value. However, an account of the morally objectionable nature of such exchanges does, it seems, depend on the labor theory of value—and Roemer is in good Marxist company in rejecting it—since it is a further claim, not entailed by the preceding description, that the worker is somehow ‘entitled’ to the proceeds of her labor. A closer examination is in order.

Roemer’s ‘technical sense’ of exploitation—the one utilized in the formulation and proof of his results—is that “[e]xploitation is said to exist if in a given economy some agents must work more time than is socially necessary (longer than the socially necessary labor time) to earn their consumption bundles and others work less time than is necessary to earn their bundles” (Roemer [1988] 20). This is not quite the same as Marx’s technical definition of exploitation (which is formulated in terms of the relation between particular classes), and the differences are important. Marx’s claim that capitalism is exploitative can be formulated, without the labor theory of value, as follows: workers produce more than they receive in wages; capitalists, who own the means of production, appropriate the rest as profit; and this arrangement is involuntary, imposed by force and maintained by coercion.

Roemer, as I understand it, simply wants to deny the last claim—that the structure of capitalism is coercive—since he asserts that “in a capitalist system no one is coerced (in any normal sense of the word) to sell his labor power” (Roemer [1988] 32; see also 35). Now Roemer is certainly correct if by ‘coercion’ we mean something like direct physical coercion. And if this is the only form of coercion which is excluded in market interaction, by the requirement that agents are free to dispose of their property at will, then there is perhaps some justification for defining ‘exploitation’ in the manner in which Roemer defines it, namely as a measure of differential ability to acquire consumption bundles.

But it is by no means clear what legitimates neoclassical microeconomics in ruling out other forms of coercion than direct physical coercion. Here are two other ‘normal’ senses of coercion which do seem to be involved in capitalism. First, there is what Gerry Cohen has called ‘structural coercion’: the fact that the social structure of capitalism is such that the worker has no choice other than to sell her labor power. No choice, that is, other than starving—which is no choice at all. The fact that we cannot point to an individual who is responsible for the lack of alternatives the propertyless worker faces does not mean that the worker has any real alternative than to

output commodities is the surplus value created by the worker. The ratio between the surplus value and the exchange-value of labor-power is the rate of exploitation.

sell her labor power. Nor is this an accidental feature of capitalism, which has systematically converted all forms of livelihood into wage labor, as Marx establishes with a multitude of historical examples. It hardly seems credible that Roemer could assert that agents choose their own class position, subject only to the constraints imposed by optimization (80), given these historical facts. Second, there is the ‘market coercion’ created by unemployment: the fact that a given worker can always be replaced by another member of the reserve army of the unemployed is a powerful weapon by means of which workers have to submit to employer’s demands (both individually and as a class). Roemer in fact does mention the reserve army of the unemployed, but only in passing, and he suggests that it is not an inherent feature of capitalism (or at least of market interaction), but rather is created through “fiscal policies of the state” (25). Marxist thought has for over a century argued that such unemployment is a structural feature of capitalism itself—to say nothing of the links between the ‘economic system’ and the state apparatus!

These senses of coercion surely provide grounds for a normative critique of capitalism, though not one that Roemer recognizes. Yet whatever one may think of structural coercion and market coercion, the conclusion I want to draw from these points should be clear: it is by no means obvious that the bargain entered into by the worker in capitalism can be called ‘non-coercive.’ If neoclassical microeconomics rules out these kinds of coercion, it needs to offer some justification for so doing. And, in particular, without ruling out such forms of coercion, there is no ground for Roemer’s technical definition of exploitation—or, perhaps I should say, to paraphrase Roemer, there is no reason for interest in the technical measure of exploitation, defined in Roemer’s way.

Note that the Marxist account of exploitation given above also provides another path towards a normative critique of capitalism, based on the involuntary and coercive appropriation of profits by the capitalist. While this is too deep an issue to explore here, there is a closely related issue, one which touches on another of Roemer’s results: that there is nothing special about labor under capitalism. This claim has two features. First, Roemer argues that Marx’s thesis that labor is exploited is an artifact of Marx’s procedure, since any commodity chosen as numeraire would be exploited (in Roemer’s sense). Second, that labor markets are not an essential feature of capitalism.

As for the second feature, we may simply rest content with the observation that any economic model of capitalism which does not include labor markets is a little too abstract to be particularly useful. But the first feature—that there is nothing special about labor—is worth looking at care-

fully, since I believe there is something privileged about the role of labor under capitalism which Roemer does not recognize, and that his failure to recognize it stems from the artificial ‘economic’ limitations imposed by his method.¹⁹ What social feature does labor-power have that enables it to produce more than it receives (therefore being able to be exploited in the Marxist sense noted above)? What makes it ‘different from other commodities’? The unique feature of labor-power is that its seller does not receive a share of the physical surplus it generates. Unlike owners of other commodities, the owner of labor-power does not receive a share of the surplus that labor-power plays a part in generating. Profit from wage-labor accrues because the capitalist has a monopoly of the use of the worker’s labor-power. Producers of labor-power—workers—cannot, on pain of death, refuse to produce labor power. And if, having produced labor-power, they have nothing else to sell, they will have no choice but to sell it under the conditions that they are offered. That is, they will have to sell it without receiving a share of the physical surplus it helps to produce. It is this social process, with the general conditions of appropriation monopolized by the capitalist and the circumstances leading to the sale of labor-power, which determines the exchange value of commodities. Therefore, Marx’s ‘economic’ thinking turns out to depend upon a wider range of ‘non-economic’ facts, namely the social process of class struggle. But this social process falls outside the purview of Roemer’s neoclassical microeconomic approach, and so is not taken into account.

Roemer’s analysis of exploitation is in many ways the central theme of his work. In Roemer [1988], he proposes a “general property-relations approach” to exploitation, in which the fundamental notion is the inequality which may result from differential ownership of productive assets. In exploring this notion, Roemer provides a series of constraints on market interaction which provably determine a unique economic constitution and jointly equalize the utility levels of the agents (Roemer [1988] 167), thereby establishing the possibility of an egalitarian market distribution from initial differential ownership of productive assets. This result is the culmination of Roemer’s new approach to exploitation and the possibilities for future socialism, and it is quite elegant. However, it seems to me that his results have the defects of their qualities—that given Roemer’s insistence on neoclassical microeconomics, the only theoretical direction in which he can turn is that of egalitarian distribution.

If distribution must be a feature which is separate from production and

¹⁹ See Peter King and Arthur Ripstein, “Did Marx Have a Labor Theory of Value?”

consumption, if it must take place through exchange via a market mechanism, then we are left with the standard liberal questions about the equity of the resulting distributions—the classical province of redistributive justice. But traditional Marxist thought has proposed a radically new structure for human interaction, one which rejects the neoclassical microeconomic segmentation into the spheres of production, consumption, and exchange. That is the proposal that production should be directed for needs, regulated by the abilities of the producers. This is part and parcel of the vision of a society of “freely associated producers.” Now whether such a society is possible is an open question. But it is clear that traditional Marxist thought has been concerned with production directly for need, in the service of human flourishing.²⁰ This is simply not an option which can be recognized with the tools provided by neoclassical microeconomics. Yet to rule it out of court on those grounds is simply to beg the question. It is an open question whether there can be such a system, and indeed whether it would be desirable. But it is not an option which can be closed off without further discussion.

Roemer asserts that “for Marx the problem [why exploitation should be considered a bad thing] was simpler than it is for us, for his approach was largely historical... He did not raise the more refined question of how one would view differential ownership if it came about by virtue of differential hard work, rates of time preference, risk-taking behavior, and the like” (Roemer [1988] 172–173). This assertion seems to me to be exactly correct. But it leads naturally to another question: why should Marx—or we—be interested in hypothetical histories of capitalism?

The subtitle of Roemer [1988] is “an introduction to Marxist economic philosophy.” But there is no such animal: for Marx, economics is always political economy, and his own views presented in *Capital* are, as he held every work of ‘economics’ to be, a piece of social theory, which is therefore a historical work. From Marx’s point of view, the attempt to treat certain social phenomena in isolation from others—for example, to systematically ignore the endogenous character of individual preferences—is bound to be a species of false abstraction, of dividing the indivisible, which methodological

²⁰ Roemer [1988] 126 does mention the slogan “from each according to his ability, to each according to his need”—and remarks “I shall have little to say about that.” His remarks occur in a longer discussion in which he is rejecting the ‘teleological’ character of Marx’s thought. But one can deplore teleological thinking, Marx’s or not, and still find a society in which production is by ability and allocation is by need a worthwhile ideal.

individualism is particularly prey to.²¹

I should emphasize that there is much of value in Roemer's work which I have not discussed. In his Epilogue, Roemer offers an *apologia pro opere suo*, in which he states: "[t]he techniques I have used to explain the insights of Marxist economics have been quite circumscribed. I wish to offer an apology whose purpose is to assure the reader that Marxism has much more to offer to the analysis of capitalism than just what I have discussed... I offer this defense of my method: I have tried to show that one need not be anointed with special grace to view Marxist arguments in economic philosophy as cogent" (Roemer [1988] 176). While I have been at pains to raise questions about the advisability of such a circumscribed method, I want to wholeheartedly endorse Roemer's aims: to bring a clarity and precision of thought to traditional Marxist views which will allow them to be recognized as intellectually respectable and serious competitors to the dominant orthodoxy in several disciplines. While I do not agree with Roemer's choice of methods, I hope he succeeds in his larger project.

²¹ The clearest and most trenchant criticism of such 'Robinsonades' may be found in the '1857 Introduction,' Marx's introduction to his *Grundrisse* (Tucker 222–226).

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