

## On Our Marx: Exploitation, Crisis, and Capitalism in the Twenty-First Century

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**A**ccording to Eric Hobsbawm, Karl Marx scoffed at his achievements. When a young Karl Kautsky questioned him about “his works,” he bitterly replied, “What works?” At his death there was little to show for a life of writing: “some brilliant pamphlets and the torso of an uncompleted major piece, *Das Kapital*, work on which had hardly advanced in the last decade of his life.” However, as Hobsbawm exclaims, “What an extraordinary posthumous success!”

Within twenty-five years of his death the European working-class political parties founded in [Marx’s] name, or which acknowledged his inspiration, had between 15% and 47% of the vote in countries with democratic elections—Britain was the only exception. . . . All of them are still in existence. Meanwhile disciples of Marx established revolutionary groups in non-democratic and third-world countries. Seventy years after Marx’s death, one-third of the human race lived under regimes ruled by communist parties which claimed to represent his ideas and realize his aspirations. Well over 20% still do, though their ruling parties have, with minor exceptions, dramatically changed their policies. In short, if one thinker left a major indelible mark on the twentieth century, it was he.<sup>1</sup>

The same might be said of the twenty-first century: the financial crisis of 2008 and the continuing economic, political, and fiscal challenges appear to have confirmed Marx’s central thrust—that capitalism is essentially unfair and dangerously unstable. In the wake of the crisis, Richard Posner, the libertarian legal theorist and chief judge of the U.S. Court of Appeals for the Seventh Circuit, has warned of “a failure of capitalism,” and from Hobsbawm we learn that even George Soros, the liberal currency

1. Eric Hobsbawm, *How to Change the World: Reflections on Marx and Marxism* (New Haven, CT: Yale University Press, 2011), 4. Subsequent references in the text.

speculator and philanthropist, believes that Marx “discovered something about capitalism 150 years ago that we need to take notice of.”<sup>2</sup>

Three recent books provide an opportunity to consider what Marx discovered and what, if anything, we can still learn from him. Eric Hobsbawm’s *How to Change the World: Reflections on Marx and Marxism* (2011) collects several previously published introductions to editions of Marx’s work, as well as Hobsbawm’s contributions to the comprehensive *Storia del Marxismo* (1979–82), to provide an informative overview of Marx and the Marxist tradition. Michael Heinrich’s *Introduction to the Three Volumes of Karl Marx’s “Capital”* (2012) is a compact survey of recent thinking about Marx’s economics, which focuses as much on money and exchange as it does on labor and production. Finally, Fredric Jameson’s *Representing “Capital”: A Reading of Volume One* (2011) offers a close critical analysis of Marx’s masterpiece, which both captures his corrosive energies and conveys his implacable radicalism.

There is, to be sure, more than one Marx. First is the revolutionary Marx of 1848: the political activist, journalist, and theorist who took part in the abortive German uprisings of that year; worked as an editor, political reporter and foreign correspondent for European and American newspapers; and labored for twenty-five years on a “critique of political economy,” which when finally published was immediately recognized as a work of considerable scholarship and intellectual power. This Marx became famous, first in the Rhineland (for his role in the democratic revolutions of 1848) and later, in the 1870s, across the whole of Europe and the United States (as the guiding force and principal voice of the International Working Men’s Association).<sup>3</sup>

Second is the social-democratic Marx of 1914: the principal founding father of “Marxism” or “scientific socialism,” a body of thought and settled convictions that guided the political practice and policies of mass parties and revolutionary “vanguardist” organizations in the Second and Third Internationals. This Marx was known not only as an economist and critic of capitalism, but also as *the* theorist of the socialist revolution destined to overthrow it. As an economist, he was credited with having thoroughly dissected the capitalist system to reveal its contradictory inner workings: both the “laws” that governed its subsequent development and the insuperable difficulties that ensured its inevitable destruction. As a revolutionary theorist, Marx’s most important political disciples, including Lenin, Trotsky, and Mao Zedong, credited him with adumbrating the principles by which they were enabled actually to seize power, whether in the name of the proletariat or, as in Mao’s case, the peasantry.

2. Richard A. Posner, *A Failure of Capitalism: The Crisis of '08 and the Descent into Depression* (Cambridge, MA: Harvard University Press, 2009). Soros had asked Hobsbawm at a luncheon what he thought of Marx, and Hobsbawm reports that he “gave an ambiguous answer” in order not to risk spoiling their host’s party. It was then that Soros surprised him with his positive assessment. Hobsbawm, *How to Change*, 6.

3. Philip S. Foner collected and published contemporary obituaries and reports of memorials for Marx at the time of his death, which effectively convey the nature and extent of his fame. See *Karl Marx Remembered: Comments at the Time of His Death* (San Francisco: Synthesis, 1985). For a full life, see Francis Wheen, *Karl Marx: A Life* (New York: Norton, 2000), and, most recently, Jonathan Sperber, *Karl Marx: A Nineteenth-Century Life* (New York: Liveright, 2013).

Finally, there is the countercultural Marx of 1968: the “poet of commodities” and the prophet of a new society in which “the free development of each” is inseparable from “the free development of all.” This is the Marx of the *Economic and Philosophic Manuscripts of 1844*, *The German Ideology* (1846), and the *Grundrisse* (1857), none of which were published in his lifetime. Still every bit the revolutionary, this Marx was less an economist than a critic of emergent capitalist ideology and culture, and the revolutions he inspired were less those of Lenin and Mao than Lennon and Che, less about expropriation than imagination, less captured by “soviets + electrification = communism” than “make love, not war” (or, in Che’s case, “make love *and* war”).<sup>4</sup>

Eric Hobsbawm’s *How to Change the World* is a good companion to these different Marxes. Part 1 focuses on the lives and works of Marx and Engels themselves, and part 2 focuses on their followers. Included in the first part are discussions of Marx’s and Engels’s intellectual debt to the socialist and communist theorists who preceded them; their developing views on the transition from capitalism to socialism—in particular, the role of political revolution and, if necessary, violence in the process; assessments of Engels’s *Condition of the Working Class in England* (1844), the *Communist Manifesto* (1848), and Marx’s *Grundrisse* (1857), especially the long sections from these unpublished notebooks that appeared separately as *Pre-capitalist Economic Formations*; and finally the changing reception of Marx’s key texts in various editions. The second part begins with “Dr Marx and the Victorian Critics,” a survey of the scholarly and critical reception of *Capital* upon its initial publication, where Hobsbawm shows that Marx was taken seriously by his contemporaries, both as an economist and as a social critic. (One reviewer, for example, remarked on “the masterly ingenuity, the rare acumen, the close argumentation and, let it be added, the incisive polemic which [*Capital*] displayed” [202].) Hobsbawm then traces the reach of Marx’s work from 1880 down to the present day, especially the deep and broad influence of Marxian ideas in the labor and socialist movements of the late nineteenth and early twentieth centuries, as well as his influence on many prominent intellectuals. There are the usual Hobsbawm gems: for example, the discussion of Gramsci as “the most original thinker produced in the West since 1917” (316). The whole is a commanding brief history of Marxism’s political and intellectual fortunes, especially in Europe, as well as a searching look at why so many people, including Hobsbawm himself, could both become Communists in the wake of the Bolshevik Revolution and remain so long after the USSR had shown itself to be anything but a workers’ paradise.<sup>5</sup>

4. The “poet of commodities” is a phrase from Edmund Wilson’s history of revolutionary socialism, *To the Finland Station: A Study in the Writing and Acting of History* (New York: Harcourt, Brace and Company, 1940). For additional material in this vein, see also Eric Hobsbawm, *Revolutionaries: Contemporary Essays* (New York: Pantheon, 1973), which includes more than two dozen essays on the European revolutionary tradition, as well as reflections on “Soldiers and Guerillas” in Asia, Africa, and Latin America, “Revolution and Sex,” “May 1968,” and “Intellectuals and the Class Struggle.”

5. Another indispensable source on Marxism and the Marxist tradition is Marshall Berman’s delightful *Adventures in Marxism* (London: Verso, 1999), which chronicles his encounters over the years with a range

Still, while Hobsbawm's collection does much to establish Marx's historical importance, it does little to confirm his continuing relevance. For that, we are better off turning to Marx himself. What did he have to say? And where might we best find it? Anyone who has not already read the *Communist Manifesto* will usefully begin there. Written with Frederick Engels and published in London on the eve of the uprisings of 1848 (though it played no real role in them), the *Manifesto* is a masterful and illuminating piece of work. Next, Marx's articles for the New York *Tribune*, produced during the first years of his London exile in the 1850s, offer an excellent introduction to the scope of his concerns.<sup>6</sup> Philosophically inclined readers will also want to peruse the early essays and the *Economic and Philosophic Manuscripts of 1844*, which the Marx-Engels-Lenin Institute in Moscow published in cheap editions and in several languages in the 1950s (to the delight, among others, of the young Marshall Berman), while those interested in European history will want to read Marx's accounts of 1848, *Class Struggles in France* and *The Eighteenth Brumaire of Louis Bonaparte*, as well as his reflections on the Paris Commune, *The Civil War in France*.<sup>7</sup>

All this is just preface, however. To really know Marx one must read *Capital* (1867).<sup>8</sup> It is his *Golden Bowl*. For help in doing so, we can now turn to Heinrich and Jameson. The former's *Introduction* aims to provide an "initial orientation" to Marx's mature economic thinking. Be forewarned: it is not for slackers. "Under no circumstance . . . should one be satisfied with reading only the first volume."<sup>9</sup> In par-

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of Marxist intellectuals, from the young Marx and Georg Lukács to Studs Terkel, Isaac Babel, and Meyer Schapiro. Hobsbawm discusses his life-long membership in the Communist Party in his memoir, *Interesting Times: A Twentieth-Century Life* (New York: The New Press, 2005).

6. Many of the articles are conveniently available as *Dispatches for the New York "Tribune": Selected Journalism of Karl Marx* (New York: Penguin, 2008). To appreciate the full scope of Marx's industry, consult the relevant volumes of the *Collected Works* of Marx and Engels, most conveniently available at [www.marxists.org](http://www.marxists.org).

7. Modern translations of all this material appeared as part of a Penguin Marx Library in the 1970s, which also includes related journalism and extracts from Marx's manuscripts, as well as the *Grundrisse* and all three volumes of *Capital*. They are also, as noted previously, online.

8. Karl Marx, *Capital: A Critique of Political Economy*, vol. 1: *The Process of Production of Capital* (1867); vol. 2: *The Process of Circulation of Capital*, ed. Frederick Engels (1884); and vol. 3: *The Process of Capitalist Production as a Whole*, ed. Frederick Engels (1894). I use the Penguin edition in the Pelican Marx Library published in 1976–81 in cooperation with the *New Left Review*. The page numbers for quotations in the main body of the text are to this edition. Other parts of the notes were later assembled by Karl Kautsky and published between 1905 and 1910 as volume 4 of *Capital, Theories of Surplus Value*, in three more volumes. Progress Publishers in Moscow issued an English language edition between 1963 and 1971. The remainder of the notes, together with Marx's and Engels's own vast outpouring of articles, books, and polemics, is the basis of the ongoing efforts to publish a definitive "collected works."

9. Michael Heinrich, *An Introduction to the Three Volumes of Karl Marx's "Capital"* (New York: Monthly Review, 2012), 9. Subsequent references in the text. *Introduction* is part of a longer and larger exegetical project of Heinrich, of which only one volume has so far appeared, *Wie das Marxsche Capital Lesen?* (Stuttgart: Schmetterling Verlag, 2008), which discusses only chapters 1 and 2 of the first volume. A second volume devoted to chapters 3 to 7 is to appear shortly. At that rate, we are looking at the project of a lifetime. For those who cannot wait, the best available alternative is Robert Paul Wolff, *Understanding Marx: A*

ticular, Heinrich wants to offer an escape from the “many reductionisms” of what he calls “traditional ‘worldview’ Marxism” (20)—especially the “often crude *economism*” of Social Democratic and Communist followers of Marx, who reduced ideology and politics “to a direct and conscious transmission of economic interests” (24). He seeks instead to provide an alternative to the “pronounced historical *determinism* that viewed the end of capitalism and the proletarian revolution as inevitable” (24–25).

Jameson’s *Representing “Capital,”* though written in a different idiom, has similar ambitions. Like Heinrich, he too wants to underscore “the futility of what we might today call social democracy and reformism,” which “leave capitalism intact as a system precisely because they fail to identify it as a system.”<sup>10</sup> A renowned literary and cultural critic, Jameson is at pains to insist that his effort *not* be “construed as a literary reading.” The “literary approaches to *Capital*, such as they are,” he notes, “have been intent on characterizing the form of the work (is it, for example, comic or tragic?), or on reading it as a narrative of some kind, with various forces (capital, labor, the state) sorted out into a cast of characters or image patterns” (4).<sup>11</sup> Jameson is shooting for something more: a critical account of Marx’s *Capital* that reveals its implicit theory of representation as such, embedded within the analysis of volume 1.

Both Heinrich and Jameson agree about the continuing importance of Marx’s treatise, but they see its relevance differently; and they encourage us to read it from contrasting points of view. Heinrich takes readers on a tour of all three of *Capital*’s primary volumes, beginning with an overview of “capitalism and Marxism,” followed by a summary of Marx’s purposes in writing a “critique of political economy.” He then proceeds to long chapters on Marx’s theory of value and on the capitalist “process of production,” which take us through most of volume 1. He covers volume 2 in a chapter on the circulation of capital, and volume 3 in chapters on profit, interest, credit, and crises. Finally, Heinrich reprises the whole and fills in many gaps with “The Fetishism of Social Relations in Bourgeois Society,” “State and Capital,” and “Communism—Society beyond the Commodity, Money, and the State.”

For his part, Jameson weighs in with a literary-critical or philosophical perspective, with meditations on “The Play of Categories,” “The Unity of Opposites,” “History as Coda,” chapters on time, space, and the dialectic, and then “Political Conclusions.” The book is not so much a survey as a reflection. *Capital* is, for Jameson, “the supreme example of a dialectical effort” to represent the “unrepresentable” and “ineffable” real totality that is capitalism. As such it is a must-read, if only because

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*Reconstruction and Critique of “Capital”* (Princeton, NJ: Princeton University Press, 1984), although it takes a very different view. For a more orthodox treatment, see David Harvey, *A Companion to Marx’s “Capital”* (London: Verso, 2010), with accompanying videos (available at [davidharvey.org/reading-capital/](http://davidharvey.org/reading-capital/), accessed September 8, 2013).

10. Fredric Jameson, *Representing “Capital”: A Reading of Volume One* (London: Verso, 2011), 119, 129–30. Subsequent references in the text.

11. One of the best such accounts in English is Robert Paul Wolff, *Moneybags Must Be So Lucky: On the Literary Structure of Capital* (Amherst: University of Massachusetts Press, 1988). According to Wolff, Marx is first and foremost a satirist and nothing is as it appears to be.

“the way in which [Marx] finally did represent [capitalism] is so significant and urgent for us today” (7).<sup>12</sup>

Even on its surface, the first volume of *Capital* is not your standard economics treatise.<sup>13</sup> Fully half is a comprehensive history of the impact of industrialization on the English working class.<sup>14</sup> The rest, while clearly a “Critique of Political Economy,” is obviously much more. It not only lays bare the inner dynamic of capitalist accumulation but also describes its central historical tendency. It does so precisely so that the working class, “a class constantly increasing in numbers, and trained, united and organized by the very mechanism of the capitalist process of production,” can both understand its historical role and be able to more easily conduct itself appropriately.<sup>15</sup>

In short, Marx seeks in *Capital* not only to enable readers to understand the capitalist system but also to help them change it.

He began his exposition with the now-famous analysis of commodities and money, which revisits and significantly revises the arguments of his *Contribution to a Critique of Political Economy* from 1859. Among the more significant of these additions are his important reflections on “The Fetishism of the Commodity and Its Secret,” which explains the mysteries of commercial societies and contrasts them with

12. Marx published two other economics texts in his lifetime: *The Poverty of Philosophy* (1847), a hastily composed polemic against Proudhon, and *A Contribution to a Critique of Political Economy* (1859), which is reprinted in the first part of *Capital*. The Progress Publishers edition of the *Contribution* includes not only the canonical preface, where Marx briefly outlines both “the course of [his] study of political economy” and summarizes its “guiding principle,” his “materialist” conception of social formations and their history, but also the “Introduction” that Marx had suppressed for reasons Martin Nicolaus discussed in his introduction to his translation of the 1857 *Grundrisse: Foundations of the Critique of Political Economy (Rough Draft)* (London: Penguin, 1973). See pp. 35–43 of his “Foreword” and pp. 880–81 of the translation. The history of Marx’s plan for and work on his “Critique of Political Economy” can be followed in Roman Rosdolsky, *The Making of Marx’s “Capital”*, trans. Peter Burgess (London: Pluto, 1977).

13. There is a voluminous literature about *how* to read *Capital*, let alone understand it. For example, do you start with part 1, chapter 1, on commodities; part 1, chapter 2, on exchange; or part 8 on the prehistory of capital and the era of “primitive accumulation”? If you do not start with chapter 1, whose dialectical pyrotechnics have proved baffling for some, do you ever read it? Or is it enough to know that all commodities not only must be useful (i.e., have “use value”) but that they must also have a price (i.e., “exchange value”)? Moreover, *Capital* proper consists not only of the one volume published in Marx’s lifetime but also of volumes 2 and 3, compiled and published by Frederick Engels after his friend’s death, and volume 4, *Theories of Surplus Value*, in three separate parts, as well as unfinished or never attempted volumes noted subsequently. (In this regard, *Capital* truly is unreadable!) Heinrich, as the title of his short book suggests, belongs to the greater *Capital* school, though he draws the line at volume 3, with its perspective on many capitals, while Jameson offers a twist of his own, suggesting that both part 1 on “The Commodity” and part 8 on “So-Called Primitive Accumulation” are each best read as separate texts, a prolegomena and a coda, to the main body (parts 2–7), which he sees as *Capital* proper.

14. Including chapter 10 on “The Working Day,” chapter 14 on “The Division of Labor and Manufacture,” chapter 15 on “Machinery and Large-Scale Industry,” and chapter 25 on “The General Law of Capitalist Accumulation.” Taken together, these chapters constitute both a damning account of the English working-class experience during industrialization in the first half of the nineteenth century and a fairly comprehensive history of its struggles for a shorter working day and better working conditions.

15. Marx, *Capital*, vol. 1, 929. Subsequent references in the text.

other ways of getting one's livelihood. Having to his satisfaction solved the riddle of the money form, Marx then explores the enigma of capital. He wants to uncover the source of its apparent ability to grow of its own accord. The explication and implications of this wondrous property occupy the central parts of volume 1. Part 2 picks up the thread with "The Transformation of Money into Capital," in which the secret of capital's self-aggrandizing property is revealed. The answer is not a mystery: its ability to grow without apparent effort is due to the efforts of others!<sup>16</sup> In part 3 ("The Production of Absolute Surplus-Value") he considers the ways in which the peculiar features of wage labor lead to particularly intense struggles over the length of the working day, with varying results for capitalists and workers. In part 4 ("The Production of Relative Surplus-Value"), the longest in the book, Marx focuses on the effects of the intensification of labor, whether by means of an ever more elaborate and specialized division of labor or because of mechanization and the spread of larger and more energy-intensive methods of production. Such intensification, Marx shows, can have the same beneficial effect on capital's expansion as does the lengthening of the workday, and it can do so even if the workday is shortened and the wages of labor rise—that is, even if labor too is made better off. In part 5 ("The Production of Absolute and Relative Surplus-Value") Marx examines the interaction effects of these two kinds of influences and in part 6 ("Wages") looks at the relation between the value of labor and its price, as well as at the various forms that wages can take under the combined influence of changes in either the length or the intensity of the working day, or both. Finally, the groundwork thus laid, Marx brings all his various themes together in part 7 with "The Process of Capital Accumulation," in which he explores both the "reproduction of capital" and the general law of its accumulation. It is not what one might think. To be sure, the accumulation of capital means heaping up great wealth, but it also means the continuous generation and regeneration of a relative surplus population, a "reserve army of labor," without which there would be no surplus value and therefore no profit. In the capitalist system according to Marx, the prosperity of the few is paid for by the poverty, both relative and absolute, of the many.

*Capital* could well end there, as Jameson observes, but it does not. Marx proceeds instead to part 8, a long historical coda on "So-Called Primitive Accumulation," the "pre-history of capital," which is "nothing else than the historical process of divorcing the producer from the means of production," the absolute precondition for any "mode of production corresponding to capital" (875). Then *Capital* truly does end. Twice: temporally, in a short peroration on "The Historical Tendency of Capitalist Accumulation,"<sup>17</sup> and spatially, in a final chapter on "The Modern Theory of

16. "The secret of the self-valorization of capital resolves itself into the fact that it has at its disposal a definite quantity of the unpaid labour of other people." *Ibid.*, 672.

17. "The monopoly of capital becomes a fetter upon the mode of production which has flourished alongside and under it. The centralization of the means of production and the socialization of labour reach a point at which they become incompatible with their capitalist integument. The knell of capitalist property sounds. The expropriators are expropriated." *Capital*, vol. 1, 929.

Colonization,” which encompasses the movement of capital across the planet, where in Marx’s view it will suffer the same fate as English capitalism, only later, after the “historical tendency of capitalist accumulation” has had a chance to play itself out everywhere.<sup>18</sup>

Such are the bare bones of the text, but the bare bones capture neither its lively style nor its passionate conviction—and a dull *Capital*, a *Capital* without passion, is not Marx’s *Capital*. Marshall Berman conveys much of the excitement of Marx’s lively style in his encomium, “The People in *Capital*.”<sup>19</sup> More than anything else, he observes, the book “brings to life [Marx’s] vision of modern life as a totality.”

This vision is spread out on an immense canvas: more than a thousand pages in the first volume alone; hundreds of characters—shopkeepers and sharecroppers, miners and mill owners, poets and publicists, doctors and divines, philosophers and politicians, the world-famous and the anonymous—speaking in their own voices. The amazing multiplicity of real voices that Marx brings forth, and the skill with which he propels and deploys them, carry us back to the glorious days of the nineteenth-century novel, back to *Lost Illusions* and *Bleak House* and *War and Peace*. Some of the most vivid characters appear for only a moment; others stay with us for long stretches and engage Marx in long passionate argument; others disappear for hundreds of pages, only to return transformed. The people in *Capital* have a life that will outlive capitalism itself.

Who would *not* want to read such a book? But Marx always intended his treatise to be much more than entertainment, however rich and satisfying. He offered it, and it was received, as an investigation of the “laws of motion” of the capitalist system of production. He certainly thought *Capital* a work of art, but he was first and foremost a “scientist” who believed that he had discovered something important about the nature of the capitalist system.

Neither Heinrich nor Jameson is much help here. Neither acknowledges the force of the arguments against Marx, and especially those against his “labor theory of value”—which for him, as for his followers, was the cornerstone without which the whole analytical enterprise would, many have believed, tumble to the ground. Heinrich’s discussion of such matters is wholly internal to the Marxist tradition. He is not at all concerned with addressing the objections to Marx’s formulations by modern

18. I confess that this final chapter is one of my favorites, not least for its extended discussion of the anticapitalist character of the United States between the Revolution and the Civil War. In that era, Marx observed, as elsewhere in the colonial world at that time, “Today’s wage-labourer is tomorrow’s independent peasant or artisan, working for himself. He vanishes from the labour-market—but not into the work-house. This constant transformation of wage-labourers into independent producers, who work for themselves instead of for capital, and enrich themselves instead of the capitalist gentlemen, reacts in turn very adversely on the conditions of the labour-market.<sup>5</sup> Not only does the degree of exploitation of the wage-labourer remain indecently low. The wage-labourer also loses, along with the relation of dependence, the feeling of dependence on the abstemious capitalist” (936).

19. Berman, *Adventures*, 80–81.

economists and others, especially those working in the Sraffian and post-Keynesian traditions, who are generally sympathetic to Marxist conclusions. He addresses believers, or those who want to believe, and looks merely to correct what he sees as the “somewhat superficial treatment of Marx’s categories” by other Marxists. Meanwhile, Jameson pretty much skirts the issue. He is quite dismissive of those “analytical Marxists” who have tried to translate Marx into testable propositions and also explicitly disavows any interest in proving any of Marx’s substantive propositions “true” (127–28). He prefers instead to take his stand on the extent to which *Capital* itself “imitates its object of study” (19) and serves thus as a more or less adequate “representation of a system” (127).<sup>20</sup>

This is unfortunate. Marx did have things to say, and he believed that he had made a contribution, not just to the “representation of a system” but to a scientific understanding of the way it worked. There were two such contributions that he thought of crucial importance. The first concerned the way in which the capitalist system necessarily functioned to permit capitalists to exploit those who worked for them, even when they appeared not to be doing so. Marx insisted that such exploitation was not an aberration in the market economy, the effect of a so-called “market imperfection.” On the contrary, he believed it to be an inevitable feature of markets, even when they functioned as they were supposed to function. The second concerned the way in which, according to Marx, the capitalist system of production as a whole, by its very nature, was inherently unstable. Market failure was neither rare nor anomalous. It was constant and characteristic. Capitalism was always in crisis, forever but one misstep away from collapse.

To understand what to make of these claims, we need to take a step back. In Marx’s view capitalism is a bipolar class system, like slavery or feudalism, and as such is made up of two groups: those who work and those who live off workers. To some part of the latter group—for example, children, partners, friends, and elders—the former give willingly and freely of the wealth they produced. To the rest—the privileged, the propertied, the powerful—those who work give reluctantly and only because they have to: whatever goes to the privileged elites is, in effect, taken without the workers’ full consent. Marx traced the source of capitalist profit to this “surplus value” and to the “surplus labor” that produced it—the labor beyond that required by workers to support themselves and their families. In so doing, Marx believed he had solved a riddle that had bedeviled both “bourgeois economists” and socialist crit-

20. More specifically, Jameson argues that in *Capital* Marx deployed “a specific proto-narrative form, in which the transformation or recoding of a conceptual dilemma in a new and more manageable way also results in the expansion of the object of study itself: the successive resolutions of the linked riddles or dilemmas lay in place the architecture of a whole construct or system, which is that of capital as such. It is this unique constructional process, quite unlike that of most philosophical texts and of most rhetorical arguments as well, that Marx calls the *Darstellung* [representation] of the material” (3). This approach can yield insights. See David Pedersen, *American Value: Migrants, Money, and Meaning in El Salvador and the United States* (Chicago: University of Chicago Press, 2013).

ics” before him.<sup>21</sup> How could waged workers be both paid what they were due and exploited at the same time? The solution, Marx argued, lay in understanding that workers do not in fact sell their labor. They sell their labor-power. Labor, he insisted, was not a commodity. It created value and in some sense *was* value, but it did not *have* value. Unlike labor power, it could not be bought and sold; it could only be expended or consumed.<sup>22</sup>

Equally important in Marx’s view was the fact that the capitalist system was inherently unstable and always susceptible to repeated monetary crises and financial failure. It was constantly threatening to implode, with no one ever certain whether they could complete a transaction once it was begun. The groundwork for this claim, what we might call Marx’s “general theory of capitalist disequilibrium,” can be found in volume 1, chapter 1, section 4, “The Fetishism of the Commodity and Its Secret.” The essential point is that in a capitalist system no one can ever know the true or actual conditions of production. Everything is hidden behind the veil of market equivalencies, or within the enigma that is a commodity.<sup>23</sup> Nothing is as it seems and, however calm the surface, the depths are roiling. This is so even when the system as a whole successfully scampers along the brink for an extended period of time. It might even appear to be doing quite well. But it never really is. The capitalist system works, or appears to do so, only because the working class that keeps it afloat has no choice but to be taken advantage of, giving freely of their labor in return for a hovel and a pint of bad beer, while the rich and the well-placed enjoy their desserts in the comforts of well-appointed homes.

In short, *Capital* is more than just *Darstellung*, or a *simulacrum* by which to represent the unrepresentable. It is also an extended argument about the specific character of a system, why it works the way it does and what is wrong with it. Regrettably, neither Jameson nor Heinrich do as much to illuminate this character as they might. I am fairly certain, for example, that Jameson agrees with Marx’s particular analytical points, but he hardly discusses them. We see this most clearly in his final chapter, “Political Conclusions.” With “the emergence of capital,” Jameson argues, a host of traditional political categories “become unserviceable, among them citizenship and representation.” (He has read his Negri.) Indeed, according to Jameson “the very idea of democracy as such—always a *pseudo-concept* and for most of its historical existence in any case a term of opprobrium—has become a misleading illusion” (140, empha-

21. Frederick Engels, “The Funeral of Karl Marx,” in Foner, *Karl Marx Remembered*, 39.

22. Marx sets out the framework for his mature theory of exploitation (or surplus value) in chapter 19 of *Capital*: “The Transformation of the Value (and Respectively the Price) of Labour-Power into Wages.”

23. Ironically, the most influential modern version of this argument today was presented by Friedrich Hayek, “Economics and Knowledge,” his 1936 presidential address to the London Economic Club, which first appeared in *Economica* 4 (1937): 33–54, and was reprinted in *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948), 33–56.

sis added).<sup>24</sup> Certainly, Jameson concludes, “what used to be called social democracy” is not an option (147). Marx’s “lesson that capitalism is a total system” implies “that it cannot be reformed, and that [any] repairs . . . necessarily end up strengthening and enlarging it” (146–47). Indeed, one of the benefits of a reading of *Capital*,” according to Jameson, is “to show that the ‘injustices and inequalities’ [of capitalism] are structurally at one with this total system as such, and that they can never be reformed. . . . Tactics such as those of government regulation are mere verbal constructions and ideological rhetoric” (147).

Heinrich shares Jameson’s impatience with “reformism” though not his impatience with “truth.” His explication of the issues at stake, however, is not as helpful as we might hope. Heinrich agrees with Marx that the capitalist system of production cannot be reformed, and he correctly summarizes Marx as arguing that “‘exploitation’ and the existence of ‘unpaid labor’ are not the result of an *infringement* of the laws of commodity exchange but are *in compliance* with them.” As a result, if one wants to abolish exploitation, the only alternative is the abolition of commodity exchange (i.e., the market). The “reform of relations of exchange within capitalism” is not enough (96–97). Only a society that is “no longer based upon exchange,” a society in which the allocation of work and the distribution of income “occur in a manner consciously and methodically regulated by society,” meets the standard. Moreover, in such a society, not only is the “specific relation of exploitation” that is capital abolished but so too is the fetishism of commodities, which reduces the social relations among people to apparently objective relations among things (220–221).

The cornerstone of Marx’s argument about such matters is his labor theory of value, in particular the notion that value is created by workers, and only by workers, as part of the process of production. Slaves and serfs produce actual goods and services for their masters, and they do so under conditions of coercion and compulsion that make their exploitation relatively obvious. Wage laborers, in contrast, are not legally bound to work for somebody, or anybody at all for that matter. They are formally and substantively free to choose. They are nonetheless forced, according to Marx, simply by virtue of the fact that they are wage earners, to surrender to their employer a part of the value their labor produces. The argument hinges on the assumption that labor alone creates value, even though it must be subsequently sold and thereby “realized” if it is actually to be captured. Because workers do not control the final product of their labor, or its disposition, they receive in wages only a portion of the value they create. The remaining “surplus value” produced by them accrues to their employers and others in the form of profits, rents, interest, dividends, etc.

This is the dirty secret of capitalist society, according to Marx, and its discovery made his reputation. On the strength of this analysis, Engels predicted in 1867

24. A “constitution is *always*,” he had earlier insisted, “a counter-revolutionary construction designed to foreclose change” [my italics]; and it was in any case almost always based “on this or that theory of representation,” which “contemporary interrogations of the truth have shown” (4) to be “as such also always impossible” (139).

that *Capital* would be welcomed as the “theoretical Bible” of Social Democratic parties throughout Europe, which it was, as Hobsbawm conveys in *How to Change the World*.<sup>25</sup> And in the view of Marx and his followers, his theory of exploitation distinguished “scientific” socialism from all others, justifying not only the movement’s implacable hatred of the market and of wage labor but also its insistence that nothing less than their abolition and a complete revolutionary transformation of society would properly serve the cause.

Despite its success, however, much of what Marx had to say was either superfluous or wrong. It is a relatively widely accepted truism about the history of capitalism that many wage earners have been compelled to accept unfair employment contracts and to work for less than they might want to do, in conditions worse than they had reason to expect. But Marx did not argue simply that wage labor *could* be bad. He argued that wage labor *must* be bad, that like slave labor it was always and everywhere exploitative. As such it would be impossible to abolish capitalist exploitation simply by paying wage earners more and treating them better. Nothing less than the abolition of capital and wage labor would do.<sup>26</sup>

A more critical perspective is sorely missed. If our central concern is to specify the conditions under which the exploitation of wage labor can be abolished, then on the principle of Occam’s razor alone, Marx’s insistence that labor creates all value, and that it does so at “the point of production,” is superfluous. To establish the fact of unequal exchange and exploitation in the labor market, it is enough to show that the relative cost of refusing a job offer is greater than the relative cost of having one’s job offer refused. Moreover, having once established the existence of such imbalances, it is enough to correct them, or to ameliorate their effects, in order to reduce if not actually to abolish exploitation—which is precisely what trade unions, expanded public employment, unemployment insurance, tax-funded public education, pension plans, etc., all do.

25. Frederick Engels, “Karl Marx, *Das Kapital*,” unpublished review written for the *Rheinische Zeitung* in 1867, in *Engels on Capital: Synopsis, Reviews, and Supplementary Material* (New York: International, 1974), 21. Jameson too refers to the fact that *Capital* “has for over a century and all over the world been considered the Bible of the working classes” (*Representing*, 139). Hobsbawm, “The Influence of Marxism, 1880–1914,” in *How to Change*, 211–60. The obituaries and memorials published on the occasion of Marx’s death also make his reputation for his “scientific” and “substantive” contribution to the understanding of the capitalist system of production quite clear. See Foner, *Karl Marx Remembered*.

26. Marx develops this point in the first section of chapter 25 of *Capital*, vol. 1: When “the conditions of accumulation . . . are the most favourable to the workers, . . . [their] own surplus product, which is always increasing and is continually being transformed into additional capital, comes back to them in the shape of means of payment, so that they can extend the circle of their enjoyments, make additions to their consumption fund of clothes, furniture, etc., and lay by a small reserve fund of money. But these things no more abolish the exploitation of the wage-labourer, and his situation of dependence, than do better clothing, food and treatment, and a larger *peculium*, in the case of a slave. A rise in the price of labour, as a consequence of the accumulation of capital, only means in fact that the length and weight of the golden chain the wage-labourer has already forged for himself [can] be loosened somewhat” (768–69). In other words, even if these workers are relatively well-off, they are still wage slaves!

Marx's argument about the inherently exploitative character of wage labor is thus flawed. It is certainly true that if labor is assumed, by definition, to be the source of all value, then any payment to capital not in return for something like managerial "labor" is exploitative. But an argument that is true by definition is circular. We are still free to embrace it as an axiom, but we cannot then proceed as if it is necessarily a valid empirical claim. By the same token, if labor is *not* the source of all value, then Marx's theory of exploitation is wrong. If other factors of production, such as fertile land, clever machinery, or alternative energy are also sources of value (i.e., sources of an increased quantity of useful things or properties, for which people are prepared to pay), as I think they obviously are, then payments to such factors (or to those with ownership claims on them), beyond that made in return for and in proportion to the owner's direct labor, *cannot* be simply assumed to be unearned. Exploitation in this case would occur only if those whose contributions added these values received more than what might be deemed their fair share.<sup>27</sup>

How large that share should be, and what others deserve, are obviously important questions. The conventional answer is that each factor ought to be paid an amount equal to its "marginal productivity" and, further, that the market will work to ensure that they are so paid, more or less. The problem with the conventional answer, however, as many Keynesian critics have pointed out, is that marginal productivity cannot be measured independently from its payment. It is an invented category that is used to explain an outcome of which it is in fact the result—that is, it too is circular.<sup>28</sup> Thus, Marx was right to observe that in the capitalist system of production, a system controlled by and in the interests of capitalists, capital received much more than it arguably should and labor received much less. However, he was

27. That Marx's labor theory is flawed, let us note, also renders moot the many creative and productive efforts of a generation ago to explicate the role of household or "reproductive" labor in the production of value in a capitalist society. Whatever place household, domestic, or reproductive labor has in Marx's schema, there ought to be no dispute about its contribution to the viability of any system or hence about its "value." For overviews see Eva Kaluzynska, "Wiping the Floor with Theory: A Survey of Writings on Housework," *Feminist Review* 6 (1980): 27–54; and Catherine MacKinnon, "Feminism and Marxism," in *Toward a Feminist Theory of the State* (Cambridge, MA: Harvard University Press, 1989), 1–80. Regrettably, none of the books under review address the question of labor in the household or the family, which are matters of great importance, but simply adding the household or domestic labor to Marx's muddle will not fix it, and applying the muddle itself directly to the household does not yield much. It makes more sense to consider the household a mode of production than a point of production. For the most recent attempts, see Graham Cassano, ed., *Class Struggle on the Home Front: Work, Conflict, and Exploitation in the Household* (London: Palgrave Macmillan, 2009). For a cogent critique see Paddy Quick, "Marxism, Class, and the Household," *Science and Society* 75, no. 4 (2011): 579–85. Permit me also to note that however inadequate the labor theory of value may be as a theory of exploitation, it still has purchase as a theory of disequilibrium. For more on this, see note 30.

28. For an illuminating, though fairly technical, discussion of the issue, see G. C. Harcourt, *Some Cambridge Controversies in the Theory of Capital* (Cambridge: Cambridge University Press, 1972). For a more accessible but equally rigorous treatment, see Moshe Adler, *Economics for the Rest of Us* (New York: New Press, 2009).

not right for sound reasons. He did not actually succeed in explaining exploitation, as he defined it. He did not irrefutably establish that value is a quantifiable, if immaterial, abstract entity or substance called “labor,” a relation or field of force between labor and its products. As such, it cannot be reduced to, or isolated at, a given “point of production” and all attempts to so reduce it have so far proved inadequate.<sup>29</sup>

No genuinely helpful introduction to Marx’s economics can evade an honest treatment of such matters, and Heinrich’s effort falls short of the mark. In his *Introduction*, he barely acknowledges, let alone adequately treats, the many critics of Marx’s labor theory of value, not even those who agree that in existing historical capitalism wage earners are more often exploited than not.<sup>30</sup> It is true that wherever capital can dictate the terms of its trade or contract with labor, the latter is and has been exploited. But it is not exploited because it is paid a wage. On the contrary, labor is exploited when and where wage workers have been stripped of their productive assets and organizational leverage, such that their alternatives are reduced to a bare minimum.

The capitalist exploitation of labor, in other words, is a function of expropriation, as Marx’s own “general law of accumulation” properly emphasized, rather than of the wage system. Labor is exploited when it does not have access to the assets it requires to work for itself or when it does not have a wide enough choice of alternative employments to enable it to accept only the employment it desires. The first of these deprivations is an effect of both expropriation and competition; the second is the effect of the monopoly or exclusive power of capital over the production process. Both are properly resisted.

29. Neither were Marx’s capitalist critics any more successful in explaining the source of capital’s profit. Instead, they have generally held what we might call a “capital theory of value,” which they believed for their part to be axiomatically true, and which led them to conclude that any payment to labor in excess of that required to ensure its bare survival was a taking from capital. This tendency emerges clearly in the work of David Ricardo, whose *Principles of Political Economy and Taxation* (1817) rewrote Adam Smith’s *Wealth of Nations* (1776) from the standpoint of a stockbroker and capitalist. It continues with Alfred Marshall’s *Principles of Economics* (1890), which famously took the point of view of an active businessman, and reaches its high point in the Austrian school, as descended from Carl Menger and especially Eugen Böhm-Bawerk, a three-time minister of finance in Austria, whose work, especially his *Positive Theory of Capital* (1891), inspired Ludwig von Mises, Friedrich Hayek, and Milton Friedman.

30. Joan Robinson dismissed Marx’s concept of value as a “metaphysical notion” that served the purposes of dogma rather than of science, but she also agreed with Marx that “the fact of exploitation makes profit possible.” This was so, she held, because “no point of substance in Marx’s argument” depended upon the labor theory of value. Whether or not our theory of value is based upon labor, what economists call “pure profit”—i.e., payments to owners over above those due to them because of their actual contribution to the production process—is a “taking” from labor. It is so because, in her words, “owning capital is not a productive activity.” Joan Robinson, *An Essay on Marxian Economics* (London: Macmillan, 1966), xi, 22, and 16. Roman Rosdolsky, among others, criticized Robinson for “trivial misunderstandings,” but he is guilty of his own. Rosdolsky, *Making*, 530–50. Robinson accuses Marx of naturalizing value, which Rosdolsky correctly points out he does not. However, Rosdolsky “substantializes” it, which Heinrich correctly argues (although not directly with reference to Rosdolsky) is itself an error. Value is not a substance, the nature or quantity of which can be determined independently of exchange. Rather it is “a relationship between the *individual* labors of producers and the *total labor of society*” and “only with the act of exchange does value obtain an

The question is: how best to do so? Where Marx and Marxists have been primarily concerned with overthrowing the commodification they believed inseparable from, and the reason for, exploitation, others have thought the cause better served by addressing the exploitation traceable to expropriation and the imbalance of power between capital and labor. On the one hand, this last group has tried to resist or to reverse expropriation, by insisting that, whenever possible, direct producers ought to remain in possession of their means of production. There have been disagreements about the nature of such possession. Does it have to be exclusive and absolute? Can it be shared and conditional—that is, cooperative? Regardless of the differences, the strategy pursued is one of resistance to expropriation.

On the other hand, many labor and socialist movements have also sought to counter the exploitative effects of dispossession and competition with large-scale unionization and persistent political action. They have argued that collective bargaining could help workers both to secure a fair return *from* their labor and to receive fair treatment *at* their labor. At least until recently, such strategies have been reasonably successful, even in circumstances where the intricacy or scale of the production process has made traditional worker-controlled cooperation untenable. In particular, government policies to ensure full employment or wage security, where they have been won, have done the most to secure working people, through their own efforts, a decent and equitable station in society.<sup>31</sup>

All of these issues remain of central importance today, especially as more people leave the countryside for the city or are displaced from their traditional modes of life. What once happened locally, in the North Atlantic transition from “feudalism” to “capitalism,” has for some time now been happening globally. Marx had a helpful perspective on these matters, but not the last word. Moreover, where he or his followers go out of their way to insist that those alternatives that have historically made the biggest difference to the most lives—workplace organization and democratic regulation—are to be refused on the grounds of their failure to address the supposedly inherent, exploitative nature of the labor market, they are less than helpful. Especially

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objective value form” (55). Indeed, for this reason Heinrich insists, again rightly in my view, that “Marx’s theory of value is rather a *monetary theory of value*: without the value form, commodities cannot be related to one another as values, and only with the money form does an adequate form of value exist” (63–64). See in general Heinrich’s Chapter 3, “Value, Labor, Money” (39–80), from which these quotes are taken. Furthermore, Rosdolsky’s discussion of Robinson’s review of the logical requirements of any mathematically consistent theory of value, whether of labor or anything else, is simply misinformed. Wolff’s *Understanding Marx* is a much better guide to all this, especially “Labor as the Substance of Value,” 107–11, and “Envoi: Some Doubts about Marx’s Theory of Value and Exploitation,” 163–78. See also I. I. Rubin, *Essays on Marx’s Theory of Value* (Detroit: Black and Red, 1972); and Diane Elson, ed., *Value: The Representation of Labour in Capitalism* (Atlantic Highlands, NJ: Humanities Press, 1979).

31. For a useful survey of these efforts in the twentieth century, see Bruce E. Kaufman, *The Global Evolution of Industrial Relations: Events, Ideas, and the IIRA* (Geneva, Switzerland: International Labor Organization, 2004). For a more searching examination of the limits of social-democratic reform, see Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge: Cambridge University Press, 1991).

today, in our era of increased geographic mobility, surrounded as we are by dispossession on all sides, we are best served by doing what we can to increase the range of choices available to everyone, however far from home, and also working to restrain, even if only by political reforms, the otherwise unrestrained forces of competition.<sup>32</sup>

Why did first Marx, and then those who sought to carry on his legacy, insist upon the inherently exploitative character of wage labor, especially since they did not need to do so to establish the fact, or even the mechanics, of exploitation? They appear to have done so in order to reject “reformism,” which they were determined to argue was insufficient, and to justify revolution, which they were equally determined to see as unavoidable. Those were the desiderata. Where exploitation is defined, as Marx, and all orthodox Marxists have done, as *any* payment of wages by a capitalist concern, then nothing short of the abolition of wage labor will do. This emphasis is a distraction: defining exploitation empirically or experientially as most workers do, rather than metaphysically, as Marx did, encourages labor organizers and socialist politicians to work to ensure that wage earners have at least as much choice among possible employers as employers have among possible employees (and thus at least as much leverage in the wage bargain). In such circumstances, wages necessarily drift upward, to the extent the prevailing technology allows, and conditions improve, thereby considerably diminishing exploitation, even if it is not altogether abolished.<sup>33</sup>

Heinrich arrives at his rejection of “reformism,” as did Marx, by means of his adherence, however sophisticated, to the labor theory of value and to its correlative theory of exploitation as an inherent feature of wage labor. Jameson gets to pretty much the same place, though he gets there by means of “the totality.” It is also from this standpoint that Jameson arrives at the other “practico-political result” (144) of his reading of *Capital*—“namely the productive possibility of a change in theory and in practice that accompanies the rethinking of all [the] lost populations of the world” (150). The people he has in mind are those “who have been deliberately excluded from the modernizing projects of First World capitalism and written off as hopeless or terminal cases, the subjects of so-called ‘failed states’ (a new and self-serving pseudo-concept) or of ecological disaster or of old-fashioned survivals of allegedly immemorial archaic ‘ethnic hatreds,’ the victims of famine whether man-made or natural” (149).

32. See David Harvey, “Accumulation by Dispossession,” in his *The New Imperialism* (Oxford: Oxford University Press, 2003); and Paul McMahon, “Land Grabs,” in his *Feeding Frenzy: The New Politics of Food* (London: Profile, 2013).

33. There is a large and growing literature on all these topics. Among those that I have found most useful are John D. Stephens, *The Transition from Capitalism to Socialism* (London: Macmillan, 1979); Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985); Eric Hobsbawm, *The Age of Extremes: A History of the World, 1914–1991* (New York: Pantheon, 1994); Bruce Western, *Between Class and Market: Postwar Unionization in the Capitalist Democracies* (Princeton, NJ: Princeton University Press, 1999); Geoff Eley, *Forging Democracy: The History of the Left in Europe, 1850–2000* (New York: Oxford University Press, 2002); Tony Judt, *Postwar: A History of Europe since 1945* (London: Penguin, 2005); and Richard Wilkinson and Kate Pickett, *The Spirit Level: Why Greater Equality Makes Societies Stronger* (New York: Bloomsbury, 2010).

In such a rethinking, Jameson rightly notes, Marx's total-system emphasis on "the fundamental structural centrality of unemployment" to capitalist production is "politically significant and historically relevant" (149). For obscure reasons, however, he also seems to think this "a scandalous assertion," even though, as Hobsbawm reported, Marx's theory of the "industrial reserve army" attracted considerable attention from the moment that *Capital* first appeared. For his part, Jameson calls for "the invention of a new kind of transformative politics on a global scale" (151), referring us to his earlier discussion in "Valences of the Dialectic," a long essay published in 2009 in a collection of the same name.<sup>34</sup> There one can find, if sufficiently patient, an argument to the effect that the current crisis in the poorest regions of the world is helpfully understood as the fault of the rich and not the poor. The actual transformations Jameson calls for, however, have little to do with anything that most people think of as politics. How could they? As noted earlier, he thinks democracy "a pseudo-concept" and a "misleading illusion" (140), and he here concludes that the global poor are "helplessly in prey to the incursions of warlords *and* charitable agencies alike" (151; my italics).

There are many reasons for reading *Capital* but this, I would submit, is not one of them. There is no better place than Marx to find an account of the effects of capitalist expropriation on wage earners, including the grievous exploitation that most of them have had long to endure. It is also an indispensable analysis of the inherent instability of capitalist systems, where competition is considered a higher calling than cooperation and the maximization of profits is considered preferable to the maximization of wages. But those who hope to find in Marx not only a critique of the past but also a guide to the future are well advised to read more widely. In the *Communist Manifesto*, for example, they will find Marx and Engels insisting, in contrast to Heinrich and Jameson, that the first thing we must do is "win the battle for democracy." Then and only then might "the old conditions of production" be swept away and "in place of the old bourgeois society, with its classes and its class antagonisms" might we at last enjoy "an association in which the free development of each is the conditions for the free development of all."<sup>35</sup> Such an imperative is not only a good place to start. It a good place to end. ■

34. Fredric Jameson, *Valences of the Dialectic* (London: Verso, 2009), 475–612.

35. Marx and Engels, *Selected Works*, vol. 1, 126–27.